

City of Long Beach, California

**COMPREHENSIVE
ANNUAL
FINANCIAL
REPORT**

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2002

**Prepared by the Department of Financial Management
Robert S. Torrez, CFO/Director**

City of Long Beach
Comprehensive Annual Financial Report
For the Fiscal Year Ended September 30, 2002

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CITY OF LONG BEACH

OFFICE OF THE CITY MANAGER

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GERALD R. MILLER
ACTING CITY MANAGER

February 19, 2003

Honorable Mayor and City Council
City of Long Beach

In accordance with Section 302(e) of the City Charter, submitted herewith is the Comprehensive Annual Financial Report (CAFR) for the City of Long Beach for the fiscal year ended September 30, 2002. This report has been prepared by the Department of Financial Management in accordance with generally accepted accounting principles (GAAP) and was audited in accordance with generally accepted auditing standards and government auditing standards by a firm of licensed certified public accountants.

This report contains management's representations concerning the finances of the City of Long Beach, and management assumes full responsibility for the completeness and reliability of all of the information presented. To provide a reasonable basis for making these representations, management of the City of Long Beach has established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City of Long Beach's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City of Long Beach's financial statements have been audited jointly by the City Auditor's Office and by KPMG LLP, an international public accounting firm fully licensed and qualified to perform audits of the State and local governments within the State of California. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Long Beach for the fiscal year ended September 30, 2002, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. The independent auditors concluded that there was a reasonable basis for rendering an unqualified opinion that the City of Long Beach's financial statements for the fiscal year ended September 30, 2002, are fairly presented in conformity with accounting principles generally accepted in the United States. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City of Long Beach is part of a broader, federally mandated "Single Audit" designed to meet the special needs of Federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the City's fair presentation of the financial

statements, but also on the City's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of Federal awards. The City's "Single Audit" reports are available by contacting the City's Department of Financial Management for the separately issued Single Audit Report.

The City prepared the CAFR using the new financial reporting requirements outlined in the Governmental Accounting Standards Board (GASB) Statement No. 34. This statement requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors in the financial section of the CAFR.

Profile of the Government

The City of Long Beach, incorporated in 1897, is the fifth largest City in the State of California, located within Los Angeles County in Southern California. The City occupies a land area of approximately 50 square miles and services a population of approximately 473,000.

The City operates under a City Charter adopted in 1921 and last amended in 2002. The City Charter establishes the current Mayor-Council-City Manager form of government. The City is divided into nine councilmanic districts, with Council persons elected to represent their respective districts for up to two four-year terms. The citizens, as a whole, elect a Mayor to serve up to two four-year terms and recently; however, the current mayor was elected for a third four-year term as a write in candidate. The citizens, as a whole, also elect a City Auditor, City Prosecutor and City Attorney to serve four-year terms. The City Council appoints a City Manager who serves at the discretion of the Council. The City Council is responsible, among other things, for passing ordinances, adopting the budget and appointing committees. The City Council appoints the members of the following advisory commissions and boards:

- Harbor Commission
- Parks and Recreation Commission
- Citizen Police Complaint Commission
- Water Commission
- Planning Commission

The City Council also either serves as or appoints the voting majority of the governing board for the Parking Authority, the Southeast Resource Recovery Facility (SERRF) Joint Powers Authority, Housing Authority of the City of Long Beach, Long Beach Housing Development Company, Redevelopment Agency of the City of Long Beach, Long Beach Financing Authority, Long Beach Bond Financing Authority, Long Beach Transit and the Long Beach Capital Improvement Corporation.

The City Manager is responsible for directing and supervising the administration of all City Manager directed departments of the City, to see that laws, ordinances, orders, resolutions, contracts and franchises are enforced and executed, and for appointing all City

employees except for classified Civil Service employees, the City Clerk, Elected Officers, and their appointees.

The City of Long Beach provides a full range of municipal services, including police and fire, public health and environmental services, library, parks, recreation and related social services, engineering and public works, sanitation, general administration, planning and community development, public improvements, and gas, water, airport and towing services. The City operates and maintains a world-class international deep-water harbor, a nationally recognized convention center, several beaches and marinas. The City also administers oil extraction operations under a trust agreement with the State of California.

The annual budget serves as the foundation for the City's financial planning and control. The City Manager submits a proposed budget to the Mayor by August 1st and the Mayor presents it with recommendations to the City Council by August 15th. The City Council is required to hold public hearings on the proposed budget and to adopt a final budget by September 30, the close of the City's fiscal year. The budget is prepared by fund and department. The City Council adopted the fiscal year 2002 budget prior to September 30, 2001 for all funds except for expendable trust funds. From the effective date of the budget, the amounts stated therein as proposed expenditures become appropriations to the various governmental funds. The City Council may amend the budget by motion during the fiscal year. The City Manager may transfer appropriations within the departments or within a given fund, without City Council approval, provided that the total appropriations at the fund level and at the department level do not change. Transfers of appropriation between funds or departments require City Council approval. Total expenditures of each fund may not legally exceed fund appropriations, and total expenditures for each department may not legally exceed departmental appropriations. Appropriations lapse at the end of the fiscal year to the extent they have not been expended or encumbered.

Significant Events and Accomplishments

In its second century, Long Beach views its historic past with pride and faces the challenges of the future with determination and optimism. Long Beach's approximately 473,000 citizens make it the fifth most populous city in California and the 34th largest city in the United States. Long Beach is steeped in a grand naval tradition, but also supported by "broad shoulder" industries like oil and aviation. Long Beach has positioned itself to become a leader in 21st century enterprises such as tourism, technology and services.

Meeting the Challenge

As with governments at all levels, 2002 was a difficult year for Long Beach. With the economy uncertain, state and federal deficits growing, and a voter mandated reduction to a core revenue, Long Beach found itself with an increasingly unmanageable structural deficit. The recognition of the seriousness of this problem resulted in a complete review of City services and the resources that fund them.

Senior managers of City departments as well as a Mayor's Budget Advisory Committee have been reviewing the City budget, current operations, and sources of revenue. In addition, wide-ranging suggestions have been solicited for consideration from both employees and residents. This comprehensive budget evaluation process will be conducted

with the understanding that no service, department or function would be excluded from review.

Two distinct goals of the budget review process were to address the immediate budget gap facing the City in fiscal year 2004, and to create a comprehensive fiscal strategy with a three-year financial plan.

Immediate actions taken at the conclusion of fiscal year 2002 included a stringent spending curtailment and a hiring freeze. There will be an ongoing review of all purchases and hiring, as well as a thorough examination of City salaries, benefits and staffing levels.

Ongoing Economic Progress

Despite the challenges presented by the budget deficit, Long Beach continues to make impressive gains in its economic infrastructure. Residential, retail and commercial developments are underway downtown and in other areas of the City.

Large numbers of upscale apartment and condominium units are nearing completion in the City's downtown and Bluff Park areas. Condominiums occupy what was the last vacant lot on Ocean Boulevard between downtown and Belmont Shore. As all of these units are occupied, their residents will provide a critical mass of consumerism for the retail sector in the downtown area of the City. In recognition of the growing residential presence in the downtown core, an Albertson's supermarket, Nordstrom Rack, Sav-On drugstore and Walmart have recently opened.

Upon completion in 2004, the Pike at Rainbow Harbor will complete the overall development of the Rainbow Harbor area, which already includes the Aquarium of the Pacific, Rainbow Harbor and the expanded Convention and Entertainment Center. This interconnected complex will be a retail, restaurant and entertainment magnet to both residents and visitors.

Tourism

In addition to the imminent completion of the overall Pike at Rainbow Harbor development, the most significant addition to Long Beach's tourism infrastructure will be the completion of the Carnival Cruise Terminal adjacent to the Queen Mary. This new facility is expected to bring over 300,000 visitors annually to the City, many of them for the first time.

Other significant milestones in the tourism sector include:

- The 28th Toyota Grand Prix of Long Beach, in April 2002.
- The Aquarium of the Pacific's attendance increased by 8% over the previous calendar year. Plans for the Aquarium's first major expansion are under review.
- The Queen Mary celebrated its 35th anniversary in Long Beach in 2002.
- The City hosted 3,000 delegates from the League of California Cities Annual Conference in 2002. The conference will return to Long Beach in 2004.
- In June 2004, Long Beach will host a meeting of 1,000 convention meeting planners. This major trade show is significant in that it allows the City to showcase its attractions to an important audience of travel sales decision makers.

- Also in 2004, Long Beach will host the Janet Evans Swim Meet, the Men's and Women's Water Polo Finals and finally the U.S. Olympic Swim Trials. These aquatic events, which immediately precede the 2004 Olympics in Athens, are expected to draw over 100,000 guests to the City and will garner national media attention.

It should be noted that visitors to many upcoming events in Long Beach will arrive through one of the region's most convenient airport; Long Beach Airport is now one of the most popular in Southern California due to its designation as a hub for Jet Blue Airlines. In calendar year 2002, Long Beach Airport nearly served a record 1.5 million passengers and Jet Blue was one of only two major air carriers in the United States to report a profit in 2002.

Business Development

The proposed mixed-use development of PacifiCenter by Boeing Realty on Lakewood Boulevard, and the Long Beach State University's Technology Park on the City's Westside will both augment the City's ability to attract businesses.

The Boeing manufacturing facility in Long Beach is the only location in California where commercial or military production aircraft are still being built. The Boeing 717, a 100-passenger short-range jetliner and the C-17 Globemaster III military transport are both manufactured at the site. The 100th production C-17 was delivered in 2002 and a follow-on contract was awarded for 60 additional planes. AirTrans Airlines received its 50th B-717 in 2002. Boeing continues to be one of the City's largest employers.

Trade

In addition to the climatic and esthetic advantages of its seaside location, Long Beach is also home to one of the busiest ports in the world. The Port of Long Beach handled 4.7 million containers last year, an increase of more than 4% from the previous year. For the seventh consecutive year, the Port was named America's best seaport by *Cargo News Asia*, a trade publication.

Hanjin Shipping recently moved into its new container terminal and the 375-acre facility will become fully operational in 2003. Today's larger commercial vessels are too wide to traverse the Panama Canal, giving rise to Long Beach's harbor as an attractive port of entry to the American market.

Accomplishments

In spite of the City's financial challenges, the City of Long Beach maintains a positive view of the future. Following is a summary of some significant achievements that continue to inspire us to face the coming years with confidence and optimism.

- The City's new 911 Emergency Communications and Operations Center will be open in 2003, bringing together the heart of Police and Fire emergency services in a state-of-the-art facility.
- More than one billion dollars is being invested in the downtown area with the construction of 3,000 new residential units, one million square feet of new retail, and new hotel rooms.

- Building permits have been issued in the past two years for over \$700 million in improvements or new construction of residential and commercial buildings throughout Long Beach.
- Although sales tax revenue declined from 2001, it has increased 75% since 1994, showing an overall positive trend spearheaded by several recently completed shopping centers.
- With a continuing increase in property values, property tax revenue has grown by approximately 13% since 2001. With the new developments underway, future property tax revenues should continue to increase.
- Over fifteen miles of major street work was completed in 2002, and an additional 20 miles projected for 2003. The sidewalk replacement program, which began in 1999, has continued to receive annual funding allotments of \$3 million.
- Grants of \$2,000 each were made available during the year to help 71 neighborhood businesses get started.
- The Long Beach Unified School District was awarded the 2002 Board Prize for Excellence in Urban Education as one of the five best large school districts in the nation.
- The Long Beach Water Department is leading the largest federally authorized water desalinating research and development project in the nation; the advanced technology employed in this project could make the City drought-proof by the end of the decade.

Long Beach is poised to move forward in spite of the obstacles and detours that the City encounters along the way. Even as the City faces daunting challenges, it is uniquely positioned to be an admired example of the successful integration of a diverse culture, a robust economy, and a rewarding and fulfilling quality of life.

Cash Management Policies and Practices

To obtain flexibility in cash management, the City employs a pooled cash system (see Notes 1 and 4 to the Basic Financial Statements in the Financial Section). Under the City's pooling concept, all available cash is invested daily in various securities, while maintaining reasonable liquidity to meet maturing obligations and maximizing return through the use of competitive rate comparisons from various investment sources.

The City's average pooled investments for fiscal year 2002 averaged \$970,416,000 and earned an annual average return of 3.94%. The City's pooled investments averaged \$898,990,000 for fiscal year 2001 earned an annual average return of 5.51%.

The rate of return demonstrates that the City maintained a reasonable and safe return on its investments during fiscal year 2002, while employing prudent investment policies to safeguard the City's cash assets and maintaining adequate levels of liquidity. The Department of Financial Management presents cash and investment reports to the City Manager, Mayor and City Council each fiscal quarter. The City Auditor also performs a quarterly independent review of City cash and investments for adherence to the City Investment Policy. The City's general investment strategies are set forth in a formal

Statement of Investment Policy, which is reviewed and approved annually by the City Council.

Risk Management

The City is self-insured for workers' compensation and tort liability. City management believes that sufficient funds have been accumulated in the City's Insurance Internal Service Fund to meet losses as they arise. In addition, various risk control techniques, including safety training for all employees and the inclusion of appropriate legal provisions in third party contracts and leases, are in place to minimize risk of loss. Additional information about the City's self-insurance programs is reported in Note 14 to the Basic Financial Statements.

Debt Administration

During the 2002 fiscal year, the City and its agencies issued approximately \$520.1 million in debt as follows:

Fund / Agency	Amount (millions)	Purpose
General Fund	\$ 13.5	Tax Revenue Anticipation Notes
General Fund/Public Facilities	40.9	Public Safety Building Seismic Retrofit
Employee Benefits Fund/ Pension Refunding	88.0	Partially Refund 1995 Pension Obligation Bonds
Harbor Fund	300.0	Improvements to the Port of Long Beach
Redevelopment Agency Fund	77.7	Redevelopment Agency Projects
	<u>\$ 520.1</u>	

Tax Revenue Anticipation Notes were issued in October 2001 to meet cash flow needs of the City's General Fund. Funds from operations were accumulated prior to September 30, 2002 to pay off the notes.

More detailed information about the debt position of the City is reported in Notes 8 through 11 of the notes to the Basic Financial Statements located in the Financial Section of this report, as well as in Exhibits 7 through 14 of the Statistical Section of this report.

Pension and Other Post Employment Benefits

The City provides full time employees retirement and disability benefits, including annual cost-of-living adjustments and death benefits through the California Public Employees' Retirement System (CalPERS), agent multiple-employer public employee defined benefit pension plan. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by State statute and City ordinance. The contribution requirements to the plan are established and amended by CalPERS. The City's funding policy is to make contributions as determined by CalPERS. Based on the latest actuarial valuations by CalPERS, as of June 30, 2001, the City was not required to make any contributions in fiscal year 2002. The miscellaneous employee's plan was funded by 127.7% and the safety employee's plan by 123.9%, according to CalPERS.

The City provides Special Status Contractors and Seasonal and Temporary employees retirement and death and disability benefits through a Public Agency Retirement System Defined Benefit Single Employer Retirement Plan (PARS Plan). The PARS Plan is administered through a third party administrator. The City's funding policy is to make the contribution as determined by the PARS Plan's actuary. The PARS Plans were funded 1,127% for the Special Status Contractor and 135% for the Seasonal and Temporary employees.

The City also provides post retirement health care benefits under the provisions of the City's Personnel Ordinance where upon retirement, the City allows retirees, their spouses and eligible dependents to use the cash value at retirement of the employee's accumulated unused sick leave to pay for health, dental and long-term care insurance under the City's Retired Employees Health Care Program. As of September 30, 2002 there were 708 participants in the plan for an annual cost of \$3,461,000.

Additional information on the pension arrangements and post employment benefits can be found in Notes 12 and 13 in the financial statements.

Independent Audit

Section 803 of the City Charter requires the City Auditor, at least once in each fiscal year, to audit the financial statements of the City. Immediately upon completion of such audit, the City Auditor shall make and file with the City Clerk a written report thereof. The City Auditor contracted with an independent certified public accounting firm to join with his staff in a joint audit of the City's Basic Financial Statements for the fiscal year ended September 30, 2002. The Independent Auditors' report has been included in this report.

Awards

The California Society of Municipal Finance Officers (CSMFO) awards its Certificate of Award for Outstanding Financial Reporting to recognize those entities whose comprehensive annual financial reports are judged to conform substantially to the highest standards for preparation of state and local government financial reports. The Comprehensive Annual Financial Report (CAFR) of the City of Long Beach has been awarded this certificate by the CSMFO for the fiscal year ended September 30, 2001.

Acknowledgments

We wish to acknowledge the excellent participation and professional contribution of Financial Management, and other City departments' staff and clerical support in the preparation of this document. The CAFR requires a considerable amount of effort and time, in addition to normal daily job duties. Their continued dedication is most appreciated.

Respectfully submitted,



GERALD R. MILLER
Acting City Manager



ROBERT S. TORREZ
CFO/Director of Financial Management

California Society of Municipal Finance Officers

Certificate of Award

Outstanding Financial Reporting 2000-2001

Presented to the

City of Long Beach

*This certificate is issued in recognition of meeting professional standards and criteria in reporting
which reflect a high level of quality in the annual financial statements
and in the underlying accounting system from which the reports were prepared.*

June 27, 2002



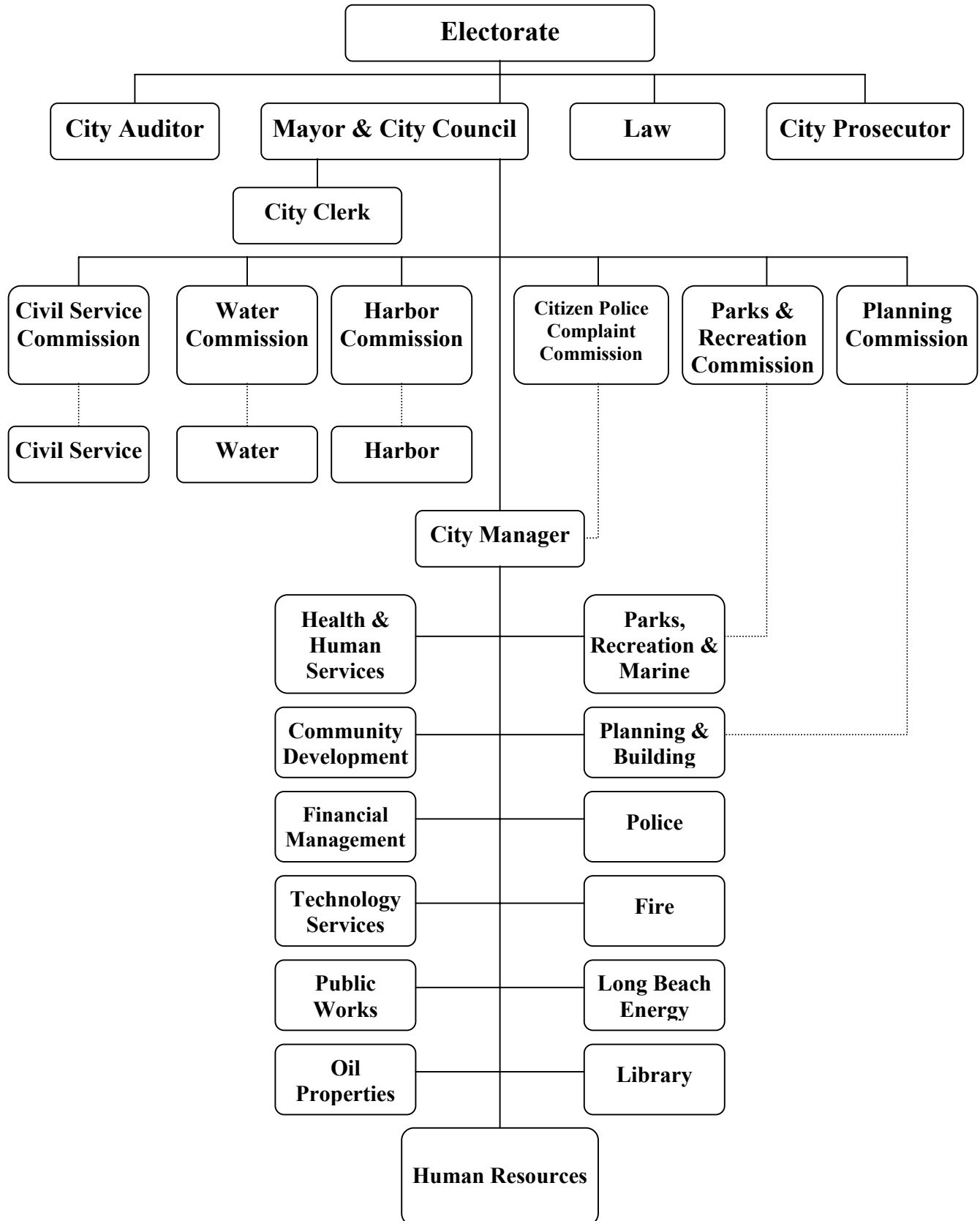
Art M. Miller
Chair, Professional & Technical Standards Committee

Dedicated to Excellence in Municipal Financial Management

LONG BEACH CITY GOVERNMENT

ORGANIZATION CHART

As of September 30, 2002



Current
Directory of City Officials *

Beverly O'Neill
Mayor

Frank Colonna
Vice-Mayor
3rd District

Bonnie Lowenthal
Councilmember
1st District

Dan Baker
Councilmember
2nd District

Dennis Carroll
Councilmember
4th District

Jackie Kell
Councilwoman
5th District

Laura Richardson
Councilwoman
6th District

Tonia Reyes Uranga
Councilmember
7th District

Robert Webb
Councilmember
8th District

Val Lerch
Councilmember
9th District

Elected Department Heads

City Attorney
City Auditor
City Prosecutor

Robert E. Shannon
Gary L. Burroughs
Thomas M. Reeves

Appointed by Council or Commission

City Clerk
Executive Director - Civil Service
Executive Director - Harbor
General Manager - Water

Larry Herrera
Mario R. Beas
Richard D. Steinke
Kevin L. Wattier

City Manager
Gerald R. Miller (Acting)

Deputy City Managers
Christine F. Shippey
Reginald I. Harrison
Suzanne R. Mason (Acting)

Director of Community Development
CFO/Director of Financial Management
Director of Health and Human Services
Director of Human Resources and Affirmative Action
Director of Library Services
Director of Oil Properties
Director of Parks, Recreation and Marine
Director of Planning and Building
Director of Public Works
Director of Technology Services
Director of Long Beach Energy
Fire Chief
Chief of Police

Melanie Fallon
Robert S. Torrez
Ronald Arias
Kevin Boylan (Acting)
Eleanore Schmidt
Dennis M. Sullivan
Phil T. Hester
Eugene J. Zeller
Christine F. Shippey (Acting)
Curtis Tani (Acting)
Christopher J. Garner
Terry L. Harbour
Anthony W. Batts

* City Officials as of date of printing

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355 South Grand Avenue, Suite 2000
Los Angeles, CA 90071



**OFFICE OF THE
CITY AUDITOR**

Independent Auditors' Report

The Honorable Mayor and City Council
City of Long Beach, California:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Long Beach, California (City), as of and for the year ended September 30, 2002, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Long Beach, California, as of September 30, 2002 and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the General Fund, the Housing Development Fund, the Community Development Grants Fund, the General Capital Projects Fund, and the Redevelopment Capital Projects Fund, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in note 2, the City has implemented a new financial reporting model, as required by the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*; GASB Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus*; GASB Statement No. 38, *Certain Financial Statement Note Disclosures*, and Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditure in Governmental Fund Financial Statements*, effective October 1, 2001.

In accordance with *Government Auditing Standards*, we have also issued a report dated January 31, 2003 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis on pages 3 through 18, and the schedules of the City's pension plan funding progress on pages 119 and 120 are not required parts of the basic financial statements, but are supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Long Beach's basic financial statements. The accompanying information identified in the table of contents as the introductory section, combining and individual nonmajor fund statements and schedules and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying combining and individual fund statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The accompanying introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.

KPMG LLP

KPMG LLP

January 31, 2003



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City Auditor

Management's Discussion and Analysis

As management of the City of Long Beach (City), we present to readers of the City's basic financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2002. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal. This is the first year that the City has presented its basic financial statements under Governmental Accounting Standards Board Statement No. 34 (GASB 34), Basic Financial Statements – and Management's Discussion and Analysis (MD&A) – for State and Local Governments, which became effective with fiscal year 2002. Due to significant changes in the reporting model, the City has not restated prior years financial statements for the purpose of providing comparative analysis in the MD&A. Comparative analysis will be provided in future fiscal years.

Financial Highlights

Government-wide:

- ✖ The restricted and unrestricted assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$2.7 billion (*net assets*). Of this amount, \$266 million may be used to meet the government's ongoing General Fund, grant funds, capital project and business-type activity obligations to citizens and creditors. Specific expenditure restrictions apply to the grant funds and to much of the capital project funds.
- ✖ The City's total net assets, including all funds, increased by \$126.3 million. (See page 8).
- ✖ The City's total net long-term liabilities increased by \$314.3 million or 13.8% during the current fiscal year. The City issued \$88 million in refunding bonds to take advantage of favorable interest rates, to extend the terms and lower the annual debt service cost, for a net increase of approximately \$14 million. Other increases were due to lease revenue bonds for the Public Safety Facility \$40.9 million, the Port of Long Beach \$300 million and the Redevelopment Agency \$77.7 million.

Fund Basis:

- ✖ As of September 30, 2002, unreserved fund balance for the General Fund was \$43.6 million, or 12.3% of total General Fund expenditures. This balance includes designated General Fund emergency reserves of \$32.9 million, and \$2.5 million set aside as a general purpose reserve account as allowed by the City Charter, combined totaling a \$35.4 million "Emergency Reserve".
- ✖ As of September 30, 2002, the City's other governmental funds reported combined ending fund balances of \$107.2 million of net unreserved deficit fund balance. This deficit fund balance consists of a \$158 million deficit in the Redevelopment Capital Projects Fund and Housing Development Fund for long-term advances due to other funds. The remaining positive balance of \$50.8 million in the special revenue grant and capital projects funds is available for spending at the City's discretion based on fund requirements.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: government-wide financial statements, fund financial statements, and notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the City's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods such as revenues pertaining to uncollected taxes or expenses pertaining to earned but unused vacation and sick leave.

The government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues, such as grant revenue (*governmental activities*), from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). Governmental activities of the City include those related to legislative and legal, general government, public safety, public health, community and cultural, public works and oil operations. Business-type activities of the City include those related to gas, water and sewer utilities, airport and solid waste management operations, towing, tidelands, Marina and Rainbow Harbor area operations, as well as tideland oil revenue operations, Queen Mary assets (Repair Reserve) and the Port of Long Beach.

The government-wide financial statements include not only the City of Long Beach itself (known as the *primary government*), but also a legally separate bus transportation company for which the City of Long Beach is the only shareholder and, therefore, has authority to affect the company. Financial information for this *component unit* is reported separately from the financial information presented for the primary government itself. Also included in the governmental activities of the government-wide financial statements are the Housing Authority of the City of Long Beach, the Long Beach Housing Development Company, the Redevelopment Agency of the City of Long Beach, the Long Beach Financing Authority and a portion of the Long Beach Bond Financing Authority.

The business-type activities portion of the government-wide financial statements also include the Southeast Resource Recovery Facility, a portion of the Long Beach Bond Financing Authority, the Long Beach Capital Improvement Corporation and the Parking

Authority of the City of Long Beach. Although legally separate from the City, these component units are blended with the primary government because of their close governance by, or financial relationships with the City.

Fund financial statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating the City's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains several individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Housing Development Fund, Community Development Grants Fund, General Capital Projects Fund, and the Redevelopment Agency Capital Projects Fund, each considered to be major funds. Data from the remaining governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements*, located in the additional financial information section of this report.

The City adopts an annual appropriated budget for its funds. A budgetary comparison is provided for each of the City's governmental funds to demonstrate compliance with this budget. The budgetary comparison statements for the major governmental funds are located in the basic financial statements, while the statements for the nonmajor governmental funds are included in the additional financial information section.

Proprietary funds are generally used to account for operations that provide services to the general public on a continuing basis or to internal City departments. Proprietary funds provide the same type of information contained in the business-type activities portion of the government-wide financial statements, only in more detail. The City maintains two different types of proprietary funds, enterprise and internal service.

Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its gas and water utilities, solid waste management operations, tidelands operations, tideland oil revenue operations and the port, all of which are classified as major funds. The City reports enterprise operations for the airport, sewer utility, towing operation and subsidence in the nonmajor enterprise funds which are reported separately in the additional financial information section of this report.

Internal Service funds are accounting mechanisms used to accumulate and allocate costs among the City's various functions. The City of Long Beach uses internal service funds to account for: the operation and financing relating to the Civic Center complex; information technology assets and services; lease-purchase of equipment; reprographics equipment and services; operation, maintenance and replacement of the City's fleet of vehicles; financing related to the Fleet facility; to finance and account for the City's risk management and self-insurance programs, including workers compensation and liability; and, to finance and account for compensated absences, employer payroll taxes and health and retirement benefits.

Because these services predominantly benefit governmental rather than business-type functions, they are incorporated into *governmental activities* in the government-wide financial statements. Internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of *combining statements* in the additional financial information section of this report.

Fiduciary funds are used to account for resources held for the benefit of parties outside the government and include the Miller Library Fund, and the Mayor's Fund for the Homeless. Fiduciary funds are *not* reflected in the accompanying government-wide financial statements because the resources of those funds are *not* available to support the City's programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The fiduciary fund financial statements can be found in the basic financial statements section of this report.

Notes to the Basic Financial Statements

The notes to the Basic Financial Statements provide additional information and narrative disclosures that are essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City's progress in funding its obligation to provide pension benefits to its employees.

The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented immediately following the required supplementary information on pensions.

Government-Wide Financial Analysis

Again, this is the first year the City has applied GASB 34. Due to significant changes in the financial reporting model, the City has not restated prior years for the purpose of providing comparative analysis in the MD&A. Comparative analysis will be provided in future years.

Analysis of Net Assets

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$2.7 billion at the close of the most recent fiscal year.

Net Assets
September 30, 2002
(In Thousands)

	Governmental Activities	Business-type Activities	Total
Assets:			
Current and Other Assets	\$ 688,608	\$ 1,355,185	\$ 2,043,793
Capital Assets	545,479	3,011,279	3,556,758
Total Assets	<u>1,234,087</u>	<u>4,366,464</u>	<u>5,600,551</u>
Liabilities:			
Current Liabilities	155,221	205,172	360,393
Long-Term Liabilities	624,934	1,899,704	2,524,638
Total Liabilities	<u>780,155</u>	<u>2,104,876</u>	<u>2,885,031</u>
Net Assets:			
Invested in Capital Assets, Net of Related Debt	197,111	1,399,761	1,596,872
Restricted	313,119	539,903	853,022
Unrestricted (Deficit)	(56,298)	321,924	265,626
Total Net Assets	<u>\$ 453,932</u>	<u>\$ 2,261,588</u>	<u>\$ 2,715,520</u>

By far the largest portion of the City's net assets (58.9%) reflects its net investment of \$1.6 billion in capital assets (for example, land, buildings, infrastructure, machinery, and equipment), net of related debt used to acquire those assets and that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City of Long Beach's net assets, \$853 million (31.4%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* in all City funds of \$266 million may be used to meet the government's ongoing obligations to citizens and creditors. Specific expenditure restrictions apply to the grant funds and to much of the capital project funds.

At September 30, 2002, the City is able to report positive balances in all three categories of net assets, for the government as a whole and business-type activities. The governmental activities unrestricted net assets deficit in the amount of \$56.3 million is mainly due to deficits in the Internal Service Funds (Note 15) and the Police and Fire Annuity Obligation Program (See Note 10).

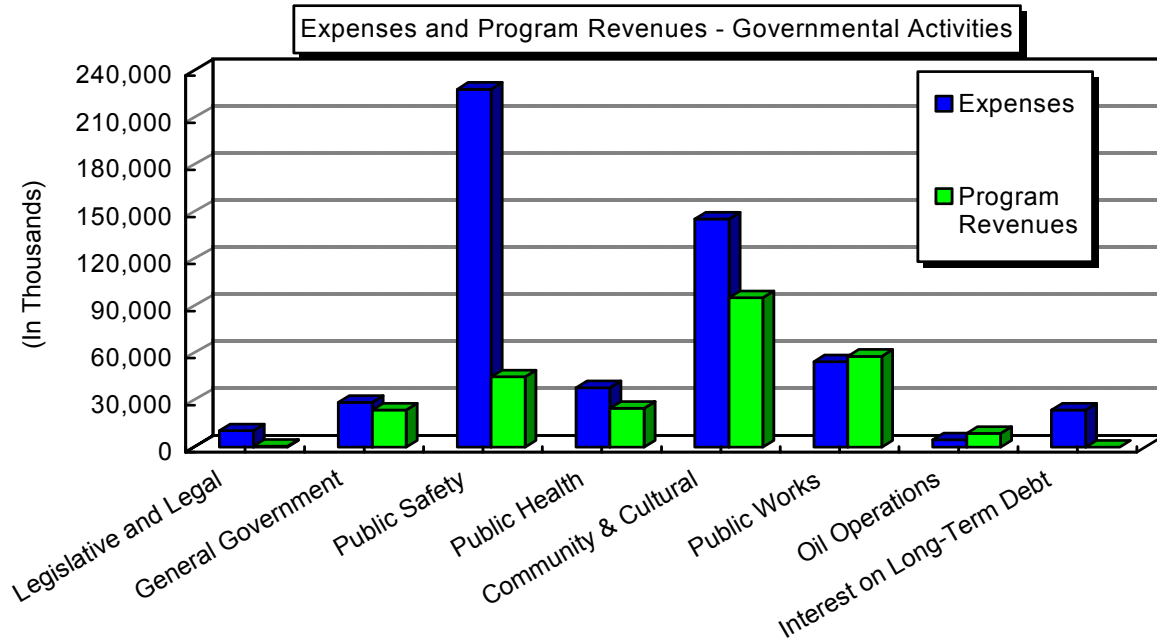
Analysis of Changes in Net Assets

The City's net assets increased \$126.3 million during the current fiscal year. This increase is mainly due to operations in the business-type funds including the Port of Long Beach for \$91 million and \$32 million restricted for a garage project in the Pike area.

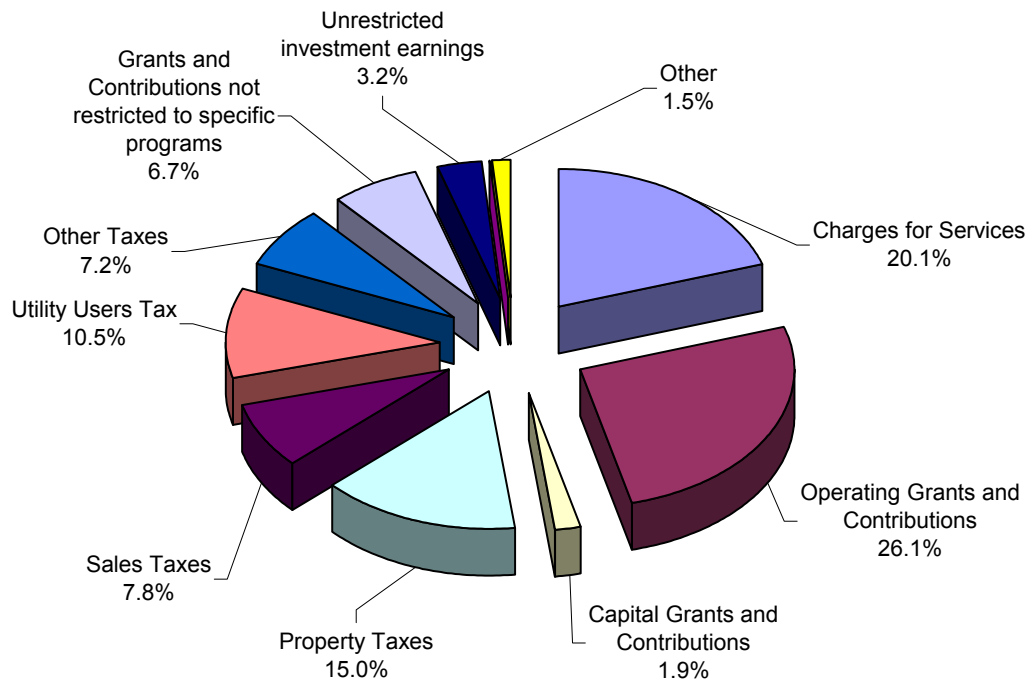
Changes in Net Assets September 30, 2002 (In Thousands)

	Governmental Activities	Business-type Activities	Total
Revenues:			
Program Revenues			
Charges for Services	\$ 107,014	\$ 537,290	\$ 644,304
Operating Grants and Contributions	138,254	3,597	141,851
Capital Grants and Contributions	10,191	36,691	46,882
General Revenues			
Taxes:			
Property	79,814	-	79,814
Sales	41,246	-	41,246
Utility Users	55,838	-	55,838
Other	38,262	-	38,262
Grants and Contributions not Restricted to Specific Programs	35,621	-	35,621
Unrestricted Investment Earnings	17,175	32,279	49,454
Loss on Sale of Capital Assets	(42)	(11,393)	(11,435)
Other	7,780	-	7,780
Total Revenues	<u>531,153</u>	<u>598,464</u>	<u>1,129,617</u>
Expenses			
Legislative and Legal	10,471	-	10,471
General Government	28,564	-	28,564
Public Safety	228,214	-	228,214
Public Health	37,872	-	37,872
Community & Cultural	145,376	-	145,376
Public Works	54,352	-	54,352
Oil Operations	4,672	-	4,672
Interest on Long-Term Debt	23,660	-	23,660
Gas	-	55,334	55,334
Water	-	58,814	58,814
Sewer	-	7,858	7,858
Airport	-	18,666	18,666
Solid Waste Management	-	71,202	71,202
Towing	-	5,845	5,845
Tidelands	-	81,261	81,261
Tideland Oil Revenue	-	36,451	36,451
Subsidence	-	3,187	3,187
Harbor	-	131,500	131,500
Total Expenses	<u>533,181</u>	<u>470,118</u>	<u>1,003,299</u>
Increase (Decrease) in Net Assets before Transfers	(2,028)	128,346	126,318
Transfers	5,317	(5,317)	-
Change in Net Assets	3,289	123,029	126,318
Net Assets - October 1	450,643	2,138,559	2,589,202
Net Assets - September 30	<u>\$ 453,932</u>	<u>\$ 2,261,588</u>	<u>\$ 2,715,520</u>

Governmental Activities



Revenues By Source - Governmental Activities

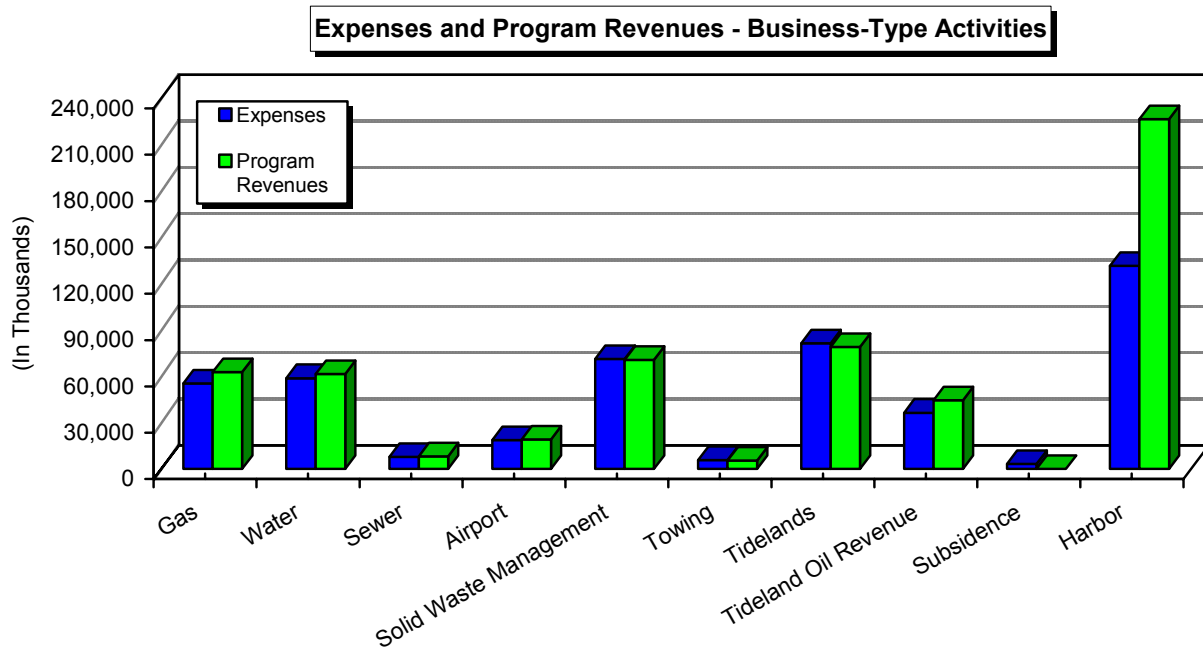


The governmental activities charts on the previous page illustrate expenses and program revenues by function and revenues by source. Public Safety is the largest function at 42.8% of total governmental expense, followed by Community and Cultural at 27.3%, Public Works is 10.2% and Public Health is 7.1%. Property, sales and other taxes are general revenues used to support overall government functions; therefore, these are not shown as program revenues. Operating grants and contributions make up 26.1%, charges for services 20.1% and property taxes 15% of total revenues.

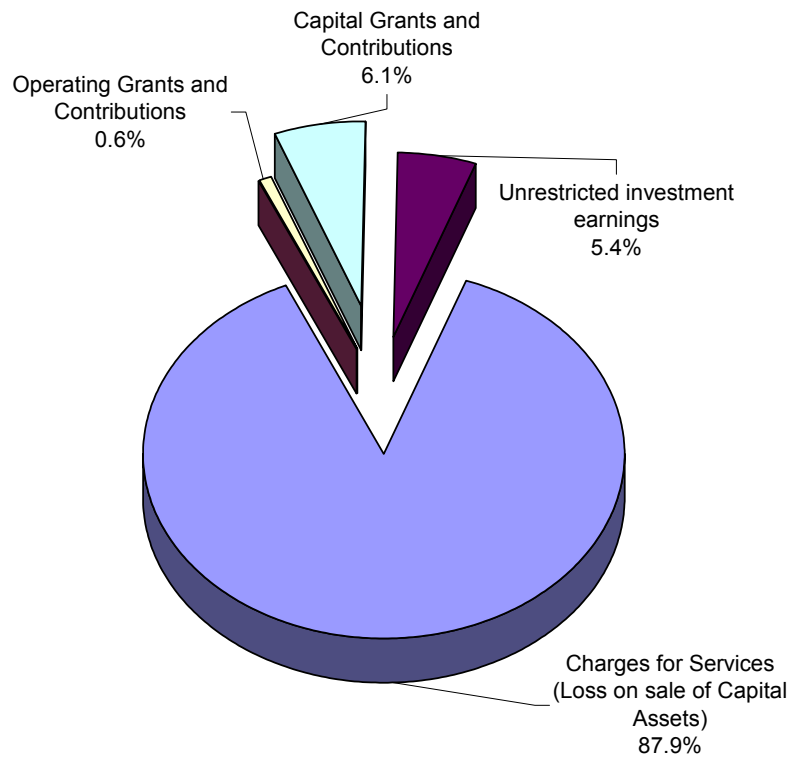
Governmental activities increased the City's net assets by \$3.3 million. Key factors of this change in governmental activities include the following based on the government-wide statement of activities:

- Property tax revenues increased approximately \$7.9 million, or 10.8%. This is mainly attributable to a \$6.9 million increase in Redevelopment Project Area tax increments. General Fund property tax revenues increased approximately \$1 million, or 2.4%, due to increased property assessed valuation prompted by lower interest rates, more home sales and housing demands that exceeded supply.
- Sales tax revenues decreased \$2.2 million, or 5%, due to a continuing decline in the economy and a slump in tourism. The utility users tax decreased \$1.3 million, or 2.3%, as a result of a voter mandated decrease in the utility users tax rate. The rate decreased from 10% at October 1, 2000 down to 8% by September 30, 2002. The decrease will be 1% per year (each October) until the rate is 5%.
- Other taxes decreased \$11.7 million (23.5%) mainly due to a decrease in pipeline and electric company franchise fees, which are based on related revenues, as a result of stabilized energy costs in fiscal year 2002, compared to the sharp utility price increases in fiscal year 2001.
- Governmental activities expenses increased mainly due to rising public safety costs subsequent to the tragedy of September 11th for heightened security in the port and general City, along with increased labor costs from negotiated salary increases. See additional detail in the governmental funds financial analysis below.

Business-Type Activities



Revenue by Source - Business-type Activities



The business-type charts on the previous page illustrate expenses and program revenues, and revenues by source. The City's port is the largest business-type operation, followed by the tidelands and utilities. The utilities are mainly funded by fees for services, while the Tidelands is funded by fees along with approved transfers from the Harbor and Tideland Oil Revenue Funds.

Business-type activities increased the City's overall net assets by \$123 million, accounting for 97.4% of the total growth in net assets. Key elements of this increase are:

- Increase in Harbor Fund port operations mainly due to the increase in capital assets and construction in progress related to the mega-terminals project, and the increase in long-term debt issued to finance the projects.
- The Tidelands Fund reflects an increase in proceeds from Special Assessment debt for the Pike project parking structure of \$32.1 million. Net maintenance and other operating costs in the tidelands area have increased \$6 million, pending revenue generation from the Pike project area development.
- The other enterprise funds reflected minimal changes in the operations.

Government Funds Financial Analysis

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds

The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At September 30, 2002, the City's governmental funds reported a combined ending fund balance of \$282.2 million, an increase of \$72.9 million in comparison with the prior year. The increase was mainly due to Redevelopment Agency increase of \$50.4 million restricted for redevelopment projects and \$21.2 million net increase in Capital Projects funds restricted for City projects. Of the total fund balance of \$282.2 million, the net unreserved fund balance is a \$63.6 million deficit. Advances from other funds not payable from current available resources and related to Special Revenue and Capital Projects Funds amounts to a \$158 million deficit. Unrestricted fund balance in the amount of \$94.4 million has been designated for: subsequent years' appropriations for the General Fund, while Special Revenue and General Capital Projects and Redevelopment Capital Projects funds reflect a net fund balance of \$59 million; the remaining fund balance includes \$32.9 million for Emergency Reserve and \$2.5 million for general purpose reserve.

The *reserved* fund balance classification indicates that it is committed for other purposes including: (a) long-term advances to other funds (\$126.1 million) that are not available to spend; (b) reserves for land held for resale (\$42.7 million) that are not available resources to spend; (c) asset seizure funds restricted by law (\$5.4 million); (d) commitments for contracts and purchase orders committed in fiscal year 2002 and prior periods (\$29.7 million); (e) City Charter requirements to maintain \$1.486 million cash balance reserve; (f) future capital projects and special programs (\$94 million); (g) bond required amounts to pay debt service (\$44.4 million); (h) and other restricted purposes including reserve for estimated oil field abandonment costs (\$2 million).

The General Fund is the City's main operating fund. At September 30, 2002, unreserved fund balance of the General Fund was \$43.6 million. The City's "Emergency Reserves", included in the \$43.6 million, includes \$32.9 million designated as emergency reserve by City Council and \$2.5 million of general purpose reserve allowed by the City Charter. With the implementation of GASB 34, long-term advances due from other funds have been recorded as fund balance reserved for noncurrent receivables. The long-term advances due from other funds, (e.g. loan to the Redevelopment Agency) have no specified repayment date; therefore, the reserved fund balance in the amount of \$95.3 million is not available. As a measure of the General Fund's liquidity, it may be useful to compare unreserved fund balance to total fund expenditures. The total unreserved fund balance of \$43.6 million, including emergency reserves of \$35.4 million, represents 12.3% of total General Fund expenditures of \$353.8 million.

The fund balance of the General Fund decreased by \$3.6 million during the current fiscal year. Factors affecting this decrease include the following:

- An increase in public safety costs by \$27.5 million due to staffing required for increased police security Citywide. Fire costs increased due to the increased number of staff and the cost for an additional new recruit training academy. Costs of \$8 million were incurred for equipment to operate the new Emergency Communications and Operations Center (ECOC).
- The increase in Community and Cultural expenditures in the amount of \$6.2 million was mainly due to increased parks programs, including an enhanced gang intervention program, and the community learning center after school program; increased library services; and increased property management services related to development in retail and residential areas of the City.
- Revenue from proceeds from long-term debt increased \$24.0 million, including:
 - \$17 million from lease proceeds, restricted for use to fund the ECOC equipment
 - \$7 million from the public safety facilities improvement bond issue which is restricted for debt service and bond reserve requirements.
- Operating transfers to the General Fund from other funds increased \$6.5 million. See Note 6 on operating transfers.

Enterprise Funds

Proprietary Fund unrestricted net assets at September 30, 2002 amounted to \$326.6 million, before the Internal Service Fund Activities adjustment. The total growth in net assets was \$123 million. Other factors concerning the finances of these funds are addressed in the discussion of the City's business-type activities.

The Gas, Water and Solid Waste Management Funds reported unrestricted net assets of \$24.4 million, \$5.4 million and \$57.3 million, respectively. The Solid Waste Management Fund reported a deficit investment in Capital Assets net of Related Debt due to the 1995 refunding bond issue which extended the repayment terms for the debt. The Tideland, Tideland Oil Revenue and Harbor Funds reported unrestricted net assets of \$14.6 million, \$22.1 million and \$196.7 million, respectively. Other business-type funds reported unrestricted net assets of \$6.1 million.

Internal Service Funds

The internal service funds, which are used to finance and account for goods and services provided internally among City departments, had a deficit in unrestricted net assets of \$58 million. This deficit is in the Insurance and Employee Benefit Internal Service Funds, which are not fully funded for long-term liabilities. City management believes the cash position of each fund is sufficient to cover the current costs related to health insurance, worker's compensation, general liability claims and current operating costs.

Fiduciary Funds

The City maintains fiduciary funds for the assets of the Miller Trust Fund and the Mayor's Fund for the Homeless. These funds are held in trust for the benefit of the Main Library Miller room staffing and books and for homeless program expenditures. Net assets are \$825,000 and \$141,000 for the Miller Trust and Mayor's Fund for the Homeless, respectively.

Budgetary Highlights

The City adopts an annual budget for the government funds which includes the General Fund, Special Revenue Funds and the Capital Projects Funds. The City Council adopts budget adjustments during the year for supplemental appropriations which are generally contingent upon new or additional revenue sources.

General Fund

General Fund appropriation adjustments were approved for \$6 million for public safety (police and fire) to cover unanticipated security and patrol costs relating to heightened security issues in the City, including the Port and Airport. An increase of \$1.3 million was approved in Community and Cultural for expanded recreation programs, and \$930,000 for property management services relating to development in retail and residential areas.

The General Fund reflects a net positive ending fund balance variance of \$17.4 million, which consists of a negative revenues variance of \$4.3 million, a positive other financing sources variance of \$16.4 million and a positive total expenditure variance of \$5.3 million.

General Fund actual revenues were below budgeted revenue by \$4.3 million due to a decrease in anticipated local sales tax and other taxes including franchise fees and hotel taxes. Other financing sources exceeded budgeted revenues by \$16.4 million due to long-term lease proceeds to fund equipment purchases for the City's new Emergency Communications and Operations Center. General Fund expenditures were \$5.3 million below budget; this is shown in the community and cultural category due to a loan to the Redevelopment Agency's Central Project Area, expected to be made in fiscal year 2002, but not completed until fiscal year 2003.

Special Revenue Funds

Budget adjustments were approved during the year to reflect changes to grant funding. The budget variance to actual net negative ending budgeted fund balance variance is due to multi-year grants for which costs had not yet been incurred and revenues not received. Grant budgets are established, in their entirety, at the inception of the grant, even if the grant spans multiple fiscal years. The unused portion of each grants' budget is carried over each year and reappropriated by the City Council.

Capital Projects Fund

During fiscal year 2002, the City Council approved Capital Projects Fund appropriation adjustments in the amount of \$29.9 million mainly for the seismic retrofit of the police headquarters building and a fire station. This increase was funded by public safety facility improvement bond debt proceeds. Estimated revenue from other agencies was decreased to reflect estimated grant revenue which did not materialize. The Redevelopment Agency appropriation increases were approved by the City Council for project area activities funded by bond proceeds.

Capital Asset and Debt Administration

Capital Assets

The City's investment in capital assets for its governmental and business-type activities for the current fiscal year amounts to \$3.6 billion (net of accumulated depreciation). This investment in capital assets includes land, buildings and related systems, improvements, machinery and equipment, park facilities, roads, highways, and bridges.

Major capital projects in progress during the year are as follows:

- The Harbor Fund capital assets increased by \$602 million due to completion of Pier T improvements, including site preparation, new buildings, cranes, and rail improvements.
- Public safety facility capital expenditures included \$17 million on the seismic retrofit of the main police headquarters building and a fire station.

- The Airport Fund incurred costs of \$6 million for improvements needed to accommodate increased traffic due to a major airline start-up.

Additional information on the City's capital assets can be found in Note 7 to the basic financial statements.

Capital Assets, Net of Depreciation
September 30, 2002
(In Thousands)

	Governmental Activities	Business-type Activities	Total
Land	\$ 114,382	\$ 853,088	\$ 967,470
Right-a-way	134	207,509	207,643
Construction In Progress	130,998	194,894	325,892
Building	100,163	1,197,392	1,297,555
Improvements other than Buildings	21,240	128,225	149,465
Infrastructures	128,274	418,428	546,702
Machinery and Equipment	12,473	5,103	17,576
Automotive	27,877	6,640	34,517
Other Assets	9,938	-	9,938
Total Net Capital Assets	<u>\$ 545,479</u>	<u>\$ 3,011,279</u>	<u>\$ 3,556,758</u>

Long-Term Debt

At the end of the current fiscal year, the City had total net long-term obligations outstanding of \$2.6 billion. Of this amount, \$2 billion relates to revenue bonds, certificates of participation, notes payable, capital leases, accrued oil field abandonment costs and other obligations of the City's business enterprises. The balance relates to revenue bonds, tax allocation bonds, notes payable, capital leases, self-insurance and employee benefit obligations for the City's governmental activities.

The City's net debt outstanding increased by \$314.3 million during the current fiscal year (Note 8). A key factor in this increase was a \$300 million revenue bond issuance of the Harbor Fund; a pension obligation refunding bond issue for the Employee Benefits Fund, for a net increase of \$14.2 million; a Redevelopment Agency tax allocation bond issue for a net increase of approximately \$53 million, with a portion used to refund existing Redevelopment Agency debt; and, \$40.9 million for a lease revenue bond issued for the General Fund for seismic retrofit improvements to the Public Safety Building. As of September 30, 2002, the City does not have general obligation debt outstanding.

Additional information on the City of Long Beach's long-term debt can be found in notes 8 through 11 of this report.

Economic Factors and Next Year's Budgets and Rates

Based on current available data, the 2002 annual unemployment rate for the City of Long Beach was 6.3%. This compares to the State of California's average unemployment rate of 6.7%, and the Los Angeles County rate of 6.8%.

During the current fiscal year, unreserved fund balance in the general fund decreased from \$62.4 million to \$43.6 million. The City has appropriated approximately \$8.2 million of the \$43.6 million for spending in the 2003 fiscal year budget, leaving a balance of \$35.4 million which is designated as emergency reserves per Council action.

The economy, spending increases and a voter approved tax cut were the main issues affecting the development of the fiscal year 2003 budget. The State and local economy have been redefined by emerging national trends and have resulted in limited local revenue growth. This lack of growth, the reduction in utility users tax, additional public safety and other costs, and the implications for local government in the State budget are factors that will affect the City's finances in 2003 and beyond.

Fiscal year 2003 budgeted General Fund revenues, before operating transfers, are expected to show a net decline of \$16 million from the ending fiscal year 2002 budget as a result of:

- A \$1,275,000 increase in estimated property tax revenue, a 2.5% increase due to a limited number of housing units, coupled with continued low interest rates and high demand.
- A \$16,200,000 decrease in estimated other tax revenue consisting of sales taxes, pipeline franchise fees, transient occupancy taxes and utility users taxes. Pipeline franchise fee estimates decreased due to the stabilization of energy prices; sales tax and transient occupancy tax estimates decreased based on an estimated drop in tourism and spending; and the utility users revenues decrease due to an additional one percent reduction in the utility users tax rate.
- A \$4,500,000 decrease in use of money and property resulting from a reduction in estimated interest earnings and the one-time Redevelopment Agency debt repayment in fiscal year 2002.
- A \$3,225,000 increase in estimated charges to other funds/departments for services rendered.

The fiscal year 2003 budgeted General Fund operating budget decreased \$2 million from the final fiscal year 2002 total budget, excluding transfers. This is mainly due to:

- A City Council enacted 3.5% reduction in all departments' General Fund budgets, except for Police and Fire;
- A 3.0% reduction in Police and Fire budgets, excluding the sworn personnel budget;
- A \$450,000 reduction in funding for the Public Corporation for the Arts (PCA); and,
- An increase of \$350,000 to fund the City Municipal Band directly from the General Fund, rather than through the PCA.

The fiscal year 2003 budget includes a significant amount of one-time revenues and transfers. Given concerns for the near-term financial outlook, the City enacted a hiring

freeze, along with city-wide spending reductions. The City, along with many other State and local governments, faces difficult near-term financial conditions. As part of the fiscal year 2003 budget adoption process, the City Council directed City Staff to develop a Three-Year Financial Strategic Plan that focuses on the City's financial stability and to provide guidance through these trying times.

Requests for Information

This financial report is designed to provide a general overview of the City of Long Beach's finances for all those with an interest in the government's finances. Questions concerning any of the information should be addressed to the Department of Financial Management, 333 West Ocean Boulevard, 6th Floor, Long Beach, California 90802.

City of Long Beach
Statement of Net Assets
September 30, 2002
(In Thousands)

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Long Beach Public Transportation Company
ASSETS				
Current Assets:				
Pooled Cash and Cash Equivalents	\$ 299,756	\$ 398,683	\$ 698,439	\$ -
Non-Pooled Cash and Cash Equivalents	130,909	30,111	161,020	11,444
Interest Receivable	361	418	779	-
Property Tax Receivable, Net	5,620	-	5,620	-
Accounts and Loans Receivables, Net	9,620	71,164	80,784	1,013
Due from Other Governments	43,528	7,580	51,108	-
Internal Balances	(29,553)	29,553	-	-
Inventory	1,714	4,513	6,227	677
Other Assets	2,221	-	2,221	120
Land Held for Resale	42,738	-	42,738	-
Restricted Assets:				
Pooled Cash and Cash Equivalents	9,454	425,374	434,828	-
Non-Pooled Cash and Cash Equivalents	22,513	51,594	74,107	9,020
Non-Pooled Investments	-	38,023	38,023	-
Accounts and Loans Receivables, Net	-	-	-	8,064
Interest Receivable	-	753	753	-
Deposits	1,768	-	1,768	-
Noncurrent Assets:				
Other Noncurrent Receivables	55,411	16,216	71,627	-
Land and Other Capital Assets not being Depreciated	245,514	1,255,491	1,501,005	8,108
Capital Assets net of Accumulated Depreciation	299,965	1,755,788	2,055,753	57,740
Other Assets	92,548	281,203	373,751	-
Total Assets	1,234,087	4,366,464	5,600,551	96,186
LIABILITIES				
Current Liabilities:				
Accounts Payable	35,575	94,450	130,025	1,200
Accrued Wages and Benefits Payable	33,230	4,495	37,725	889
Accrued Interest Payable	5,997	603	6,600	1,591
Due to Other Governments	633	-	633	-
Tax and Revenue Anticipation Notes Payable	13,500	-	13,500	-
Deferred Revenue, Credits and Other Payables	33,895	18,500	52,395	8,505
Employee Benefits and Accrued Self-Insurance Claims	24,497	-	24,497	3,942
Bonds, Loans, Capital Leases and Other Long-Term Obligations	17,328	17,199	34,527	-
Liabilities Payable From Restricted Assets:				
Accounts Payable	790	2,455	3,245	-
Accrued Interest Payable	5,467	26,889	32,356	-
Deferred Revenue, Credits and Other Payables	-	-	-	10,261
Customers Deposits	-	2,596	2,596	-
Bonds and Other Long-Term Obligations	-	37,985	37,985	-
Noncurrent Liabilities:				
Deferred Revenue, Credits and Other Payables	-	12,099	12,099	-
Employee Benefits and Accrued Long-Term Obligations	167,382	267,613	434,995	343
Accrued Oil Field Abandonment Costs	-	-	-	-
Bonds, Loans, Capital Leases and Other Long-Term Obligations	441,861	1,619,992	2,061,853	-
Total Liabilities	780,155	2,104,876	2,885,031	26,731
NET ASSETS				
Invested in Capital Assets,				
Net of Related Debt	197,111	1,399,761	1,596,872	65,848
Restricted for:				
Asset Seizure Money	5,396	-	5,396	-
Debt Service	46,434	123,900	170,334	-
Capital Projects	158,148	205,409	363,557	-
Public Health	3,789	-	3,789	-
Community and Cultural	86,664	-	86,664	-
Health Care Insurance	9,194	-	9,194	-
Alameda Corridor Transportation Authority Commitment	-	63,456	63,456	-
Other Purposes	3,494	147,138	150,632	-
Unrestricted	(56,298)	321,924	265,626	3,607
Total Net Assets	\$ 453,932	\$ 2,261,588	\$ 2,715,520	\$ 69,455

The notes to the basic financial statements are an integral part of this statement.

City of Long Beach
Statement of Activities
For the Fiscal Year Ended September 30, 2002
(In Thousands)

Functions/Programs	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary Government:				
Governmental Activities:				
Legislative and Legal	\$ 10,471	\$ 524	\$ 29	\$ -
General Government	28,564	23,572	89	-
Public Safety	228,214	32,742	11,989	-
Public Health	37,872	6,859	17,793	-
Community and Cultural	145,376	17,636	77,627	-
Public Works	54,352	17,035	30,727	10,191
Oil Operations	4,672	8,646	-	-
Interest on Long-Term Debt	23,660	-	-	-
Total Governmental Activities	<u>533,181</u>	<u>107,014</u>	<u>138,254</u>	<u>10,191</u>
Business-Type activities:				
Gas	55,334	62,642	-	-
Water	58,814	60,453	-	1,086
Sewer	7,858	8,050	-	183
Airport	18,666	13,357	2,424	3,280
Solid Waste Management	71,202	69,500	1,173	-
Towing	5,845	5,448	-	-
Tidelands	81,261	46,860	-	32,142
Tideland Oil Revenue	36,451	44,521	-	-
Subsidence	3,187	-	-	-
Harbor	131,500	226,459	-	-
Total Business-Type Activities	<u>470,118</u>	<u>537,290</u>	<u>3,597</u>	<u>36,691</u>
Total Primary Government	<u>\$ 1,003,299</u>	<u>\$ 644,304</u>	<u>\$ 141,851</u>	<u>\$ 46,882</u>
Component Unit:				
Long Beach Public Transportation Company	<u>\$ 59,442</u>	<u>\$ 13,533</u>	<u>\$ 33,627</u>	<u>\$ 13,704</u>

General Revenues
Taxes:
Property
Sales
Utility Users
Other
Grants and Contributions not Restricted to Specific Programs
Unrestricted Investment Earnings
Loss on Sale of Capital Assets
Other
Transfers
Total General Revenues and Transfers
Change in Net Assets
Net Assets - October 1
Net Assets - September 30

The notes to the financial statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			Component Unit
Governmental Activities	Business-Type Activities	Total	Long Beach Public Transpor- tation Company
\$ (9,918)	\$ -	\$ (9,918)	\$ -
(4,903)	-	(4,903)	-
(183,483)	-	(183,483)	-
(13,220)	-	(13,220)	-
(50,113)	-	(50,113)	-
3,601	-	3,601	-
3,974	-	3,974	-
(23,660)	-	(23,660)	-
<u>(277,722)</u>	<u>-</u>	<u>(277,722)</u>	<u>-</u>
-	7,308	7,308	-
-	2,725	2,725	-
-	375	375	-
-	395	395	-
-	(529)	(529)	-
-	(397)	(397)	-
-	(2,259)	(2,259)	-
-	8,070	8,070	-
-	(3,187)	(3,187)	-
-	94,959	94,959	-
-	107,460	107,460	-
<u>(277,722)</u>	<u>107,460</u>	<u>(170,262)</u>	<u>-</u>
-	-	-	1,422
79,814	-	79,814	-
41,246	-	41,246	-
55,838	-	55,838	-
38,262	-	38,262	-
35,621	-	35,621	-
17,175	32,279	49,454	539
(42)	(11,393)	(11,435)	-
7,780	-	7,780	-
5,317	(5,317)	-	-
<u>281,011</u>	<u>15,569</u>	<u>296,580</u>	<u>539</u>
3,289	123,029	126,318	1,961
450,643	2,138,559	2,589,202	67,494
<u>\$ 453,932</u>	<u>\$ 2,261,588</u>	<u>\$ 2,715,520</u>	<u>\$ 69,455</u>

City of Long Beach
Governmental Funds
Balance Sheet
September 30, 2002
(In Thousands)

	General	Housing Development	Community Development Grants
ASSETS			
Pooled Cash and Cash Equivalents	\$ 41,659	\$ 7,381	\$ 815
Non-Pooled Cash and Cash Equivalents	31,602	3,331	-
Receivables:			
Interest Receivable	21	4	-
Property Taxes	8,161	-	-
Accounts Receivable	11,303	-	-
Notes and Loans Receivable	2,413	-	-
Due from Other Governments	19,406	-	5,145
Due from Other Funds	5,632	-	-
Allowance for Receivables	(9,307)	-	-
Inventory	65	-	-
Other Assets-Current	-	15	23
Advances to Other Funds	95,253	21,682	4,467
Land Held for Resale	-	1,228	1,332
Other Noncurrent Receivables	-	16,427	35,116
Other Assets	-	-	1,306
Total Assets	\$ 206,208	\$ 50,068	\$ 48,204
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable	\$ 6,192	\$ 193	\$ 4,541
Accrued Wages Payable	4,694	17	85
Accrued Interest Payable	371	-	-
Due to Other Governments	-	-	-
Tax and Revenue Anticipation Notes Payable	13,500	-	-
Due to Other Funds	1,182	4	449
Deferred Revenues	9,672	16,516	36,676
Deposits and Collections Held in Trust	3,931	29	31
Advances from Other Funds	-	4,467	-
Total Liabilities	39,542	21,226	41,782
Fund Balances:			
Reserved for:			
Other Noncurrent Receivables	95,259	21,697	4,467
Asset Seizure Money	5,396	-	-
Encumbrances	1,858	50	251
Future Advances to Other Funds	1,486	-	-
Future Capital Projects and Special Programs	11,177	-	-
Housing Development	-	77	-
Land Held for Resale	-	1,228	1,332
Estimated Oil Field Abandonment Costs	-	-	-
Debt Service	7,928	-	-
Unreserved, Designated for:			
Subsequent Years' Appropriations	8,116	10,257	372
Emergency	32,946	-	-
Unreserved, Undesignated, Reported in:			
General Fund	2,500	-	-
Special Revenue Funds	-	(4,467)	-
Capital Projects Funds	-	-	-
Total Fund Balance (Deficit)	166,666	28,842	6,422
Total Liabilities and Fund balance	\$ 206,208	\$ 50,068	\$ 48,204

The notes to the financial statements are an integral part of this statement.

General Capital Projects	Redevelopment Capital Projects	Other Governmental Funds	Total
\$ 29,751	\$ 37,168	\$ 46,659	\$ 163,433
41,617	54,172	187	130,909
-	336	-	361
-	-	-	8,161
-	412	1,865	13,580
-	-	-	2,413
4,937	-	8,054	37,542
431	7	-	6,070
-	-	(407)	(9,714)
-	-	-	65
-	2,113	70	2,221
1,877	1,968	-	125,247
-	40,178	-	42,738
-	1,037	2,831	55,411
-	-	50	1,356
<u>\$ 78,613</u>	<u>\$ 137,391</u>	<u>\$ 59,309</u>	<u>\$ 579,793</u>
\$ 5,195	\$ 1,767	\$ 11,445	\$ 29,333
73	28	467	5,364
-	-	-	371
633	-	-	633
-	-	-	13,500
21	17,053	882	19,591
4,078	2,446	4,970	74,358
1	563	2,103	6,658
-	141,364	2,000	147,831
<u>10,001</u>	<u>163,221</u>	<u>21,867</u>	<u>297,639</u>
1,877	2,828	-	126,128
-	-	-	5,396
25,564	46	1,899	29,668
-	-	-	1,486
26,215	37,399	19,193	93,984
-	-	-	77
-	40,178	-	42,738
-	-	1,916	1,916
-	36,320	150	44,398
14,956	10,927	14,284	58,912
-	-	-	32,946
-	-	-	2,500
-	-	-	(4,467)
-	(153,528)	-	(153,528)
<u>68,612</u>	<u>(25,830)</u>	<u>37,442</u>	<u>282,154</u>
<u>\$ 78,613</u>	<u>\$ 137,391</u>	<u>\$ 59,309</u>	<u>\$ 579,793</u>

City Of Long Beach
Reconciliation of Total Governmental Fund Balances to Net Assets
of Governmental Activities in the Statement of Net Assets
September 30, 2002
(in Thousands)

Amounts reported for governmental activities in the statement of net assets are different because:

Total governmental fund balance	\$ 282,154
Capital assets used in the governmental activities, that are not included in the internal service funds, are not financial resources and, therefore, are not reported in the funds.	429,453
Certain property tax receivable are not available to pay current-period expenditures and, therefore, are deferred in the funds.	1,025
Because the focus of governmental funds is short-term financing, some assets will not be available to pay for current period expenditures. Those assets are offset by deferred revenue in the funds.	55,130
Governmental long-term liabilities, excluding those liabilities in the internal service funds, are not due and payable in the current period, therefore, are not reported in the funds.	(342,936)
Internal service funds are used by management to charge the cost of operations and financing related to the Civic Center complex; operations, maintenance, financing, and timely replacement of information technology assets and vehicles; reprographics equipment and services; and to account for the City's risk management, self-insurance and employee benefits programs to Individual user funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	<u>29,106</u>
Net assets of governmental activities	<u><u>\$ 453,932</u></u>

The notes to the basic financial statements are an integral part of this statement.

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City of Long Beach
Governmental Funds
Statement of Revenues, Expenditures and
Changes in Fund Balances
For the Fiscal Year Ended September 30, 2002
(In Thousands)

	General	Housing Development	Community Development Grants
Revenues:			
Taxes:			
Property	\$ 50,274	\$ 4,551	\$ -
Sales	38,428	-	-
Utility Users	55,838	-	-
Other Taxes	30,263	-	-
Licenses and Permits	15,802	9	10
Fines and Forfeitures	11,448	-	-
Use of Money and Property	17,892	536	882
From Other Agencies	49,952	1,681	33,799
Charges for Services	39,321	-	-
Other Contributions	-	-	-
Other	3,354	987	4,075
Total Revenues	<u>312,572</u>	<u>7,764</u>	<u>38,766</u>
Expenditures:			
Current:			
Legislative and Legal	10,985	-	-
General Government	29,771	81	427
Public Safety	228,789	-	1,323
Public Health	4,419	-	-
Community and Cultural	43,700	5,120	33,227
Public Works	31,786	-	-
Oil Operations	-	-	-
Total Current	<u>349,450</u>	<u>5,201</u>	<u>34,977</u>
Capital Improvements	-	-	-
Loss on Disposition of Land Held for Resale	-	-	-
Debt Service:			
Principal	718	-	2,675
Interest	3,678	-	150
Debt Administration Fees	-	-	-
Total Expenditures	<u>353,846</u>	<u>5,201</u>	<u>37,802</u>
Excess of Revenues Over (Under) Expenditures	<u>(41,274)</u>	<u>2,563</u>	<u>964</u>
Other Financing Sources (Uses):			
Other Deferred Payments	-	-	-
Proceeds from Other Long-Term Obligations	24,337	598	-
Payment to Refunded Bond Escrow Agent	-	-	-
Other	-	-	-
Reconveyance of Land	-	-	(185)
Advances Change in Principal	2,602	197	-
Transfers In	27,812	-	44
Transfers Out	<u>(17,081)</u>	<u>(191)</u>	<u>(603)</u>
Total Other Financing Sources (Uses)	<u>37,670</u>	<u>604</u>	<u>(744)</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>(3,604)</u>	<u>3,167</u>	<u>220</u>
Fund Balances - October 1, as restated	<u>170,270</u>	<u>25,675</u>	<u>6,202</u>
Fund Balances (Deficit) - September 30	<u>\$ 166,666</u>	<u>\$ 28,842</u>	<u>\$ 6,422</u>

The notes to the basic financial statements are an integral part of this statement.

General Capital Projects	Redevelopment Capital Projects	Other Governmental Funds	Total
\$ -	\$ 25,796	\$ -	\$ 80,621
-	-	2,818	41,246
-	-	-	55,838
-	2,604	5,396	38,263
3,422	-	4,158	23,401
-	-	-	11,448
1,433	4,857	11,259	36,859
6,077	-	90,365	181,874
-	-	1,956	41,277
3,448	-	-	3,448
13	739	519	9,687
<u>14,393</u>	<u>33,996</u>	<u>116,471</u>	<u>523,962</u>
-	-	-	10,985
-	165	-	30,444
-	-	-	230,112
-	-	33,097	37,516
-	17,556	51,990	151,593
-	-	11,779	43,565
-	-	4,672	4,672
-	<u>17,721</u>	<u>101,538</u>	<u>508,887</u>
35,114	-	11,491	46,605
-	198	-	198
-	9,630	230	13,253
-	8,570	158	12,556
-	-	76	76
<u>35,114</u>	<u>36,119</u>	<u>113,493</u>	<u>581,575</u>
<u>(20,721)</u>	<u>(2,123)</u>	<u>2,978</u>	<u>(57,613)</u>
-	513	-	513
33,703	79,863	-	138,501
-	(23,223)	-	(23,223)
-	1,733	-	1,733
-	611	-	426
-	(2,799)	-	-
10,923	162	10,165	49,106
<u>(2,714)</u>	<u>(4,291)</u>	<u>(11,633)</u>	<u>(36,513)</u>
<u>41,912</u>	<u>52,569</u>	<u>(1,468)</u>	<u>130,543</u>
21,191	50,446	1,510	72,930
<u>47,421</u>	<u>(76,276)</u>	<u>35,932</u>	<u>209,224</u>
<u>\$ 68,612</u>	<u>\$ (25,830)</u>	<u>\$ 37,442</u>	<u>\$ 282,154</u>

City Of Long Beach
Reconciliation of Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Fiscal Year Ended September 30, 2002
(in Thousands)

Amounts reported for governmental activities in the statement of activities are different because:

Excess of revenue and other sources over expenditures and other uses - total governmental funds	\$ 72,930
Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful life and reported as depreciation expense. This is the amount by which capital outlay exceeds depreciation in the current period.	37,169
Net effect of miscellaneous transactions involving capital assets (for example, sales, trade-ins and donations) is a decrease to net assets.	(951)
Revenue in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.	(295)
Governmental funds report expenditures pertaining to the establishment of certain long-term loans made. Payments on these long-term receivables are recorded as revenue in the governmental funds. These deferred credits are not reported on the statement of net assets and, therefore, the corresponding net expense is not reported on the statement of activities.	3,026
The issuance of long-term debt (for example, bonds and leases) provides current financial resources to governmental funds, while the payment of the principal of long-term debt consumes the current financial resources of the governmental funds. Neither transaction, however, has any affect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(88,101)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in government funds.	(4,345)
Internal service funds are used by management to charge the cost of certain services to individual funds. The net loss of of certain activities of internal service funds is reported as governmental activities.	<u>(16,144)</u>
Change in net assets of governmental activities	<u>\$ 3,289</u>

The notes to the basic financial statements are an integral part of this statement.

City of Long Beach
General Fund
Statement of Revenues, Expenditures and
Changes in Fund Balances -
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended September 30, 2002
(In Thousands)

	Budgeted Amounts		Actual on	Variance with
	Original	Final	Budgetary	Final Budget -
			Basis	Positive
				(Negative)
Revenues:				
Property Taxes	\$ 51,249	\$ 51,269	\$ 50,274	\$ (995)
Sales Taxes	42,500	42,500	38,428	(4,072)
Utility Users Taxes	56,192	56,192	55,838	(354)
Other Taxes	37,033	37,033	30,263	(6,770)
Licenses and Permits	12,093	13,393	15,802	2,409
Fines and Forfeitures	12,204	12,204	11,448	(756)
Use of Money and Property	15,838	20,964	19,621	(1,343)
From Other Agencies	42,677	46,031	49,952	3,921
Charges for Services	34,975	36,672	39,321	2,649
Other	1,719	3,934	4,959	1,025
Total Revenues	<u>306,480</u>	<u>320,192</u>	<u>315,906</u>	<u>(4,286)</u>
Expenditures:				
Current:				
Legislative and Legal	11,140	11,391	10,996	395
General Government	28,898	36,115	30,112	6,003
Public Safety	218,966	225,032	229,458	(4,426)
Public Health	4,469	4,568	4,420	148
Community and Cultural	43,393	45,867	44,420	1,447
Public Works	32,739	32,827	31,902	925
Total Current	<u>339,605</u>	<u>355,800</u>	<u>351,308</u>	<u>4,492</u>
Debt Service - Principal	718	718	718	-
Debt Service - Interest	4,114	4,452	3,678	774
Total Expenditures	<u>344,437</u>	<u>360,970</u>	<u>355,704</u>	<u>5,266</u>
Excess of Revenues Over				
(Under) Expenditures	<u>(37,957)</u>	<u>(40,778)</u>	<u>(39,798)</u>	<u>980</u>
Other Financing Sources (Uses):				
Proceeds from Other				
Long-Term Obligations	-	7,212	24,337	17,125
Transfers In	26,767	26,767	27,812	1,045
Transfers Out	(16,600)	(15,290)	(17,081)	(1,791)
Total Other Financing Sources	<u>10,167</u>	<u>18,689</u>	<u>35,068</u>	<u>16,379</u>
Excess of Revenues and				
Other Sources Over				
(Under) Expenditures				
and Other Uses	<u>(27,790)</u>	<u>(22,089)</u>	<u>(4,730)</u>	<u>17,359</u>
Fund Balances - October 1, Budgetary Basis	166,795	166,795	166,795	-
Encumbrances, Beginning of the Year	3,475	3,475	3,475	-
Fund Balances - September 30, Budgetary Basis	<u>\$ 142,480</u>	<u>\$ 148,181</u>	<u>\$ 165,540</u>	<u>\$ 17,359</u>

The notes to the basic financial statements are an integral part of this statement.

City of Long Beach
Housing Development
Statement of Revenues, Expenditures and
Changes in Fund Balances -
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended September 30, 2002
(in Thousands)

	<u>Budgeted Amounts</u>		<u>Actual On</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary</u>	<u>with Final</u>
			<u>Basis</u>	<u>Budget -</u>
				<u>Positive</u>
				<u>(Negative)</u>
Revenues:				
Property Taxes	\$ 3,969	\$ 3,969	\$ 4,551	\$ 582
Licenses and Permits	-	-	9	9
Use of Money and Property	192	192	536	344
From Other Agencies	29,392	29,392	1,681	(27,711)
Other	194	194	987	793
Total Revenues	<u>33,747</u>	<u>33,747</u>	<u>7,764</u>	<u>(25,983)</u>
Expenditures:				
General Government	-	-	81	(81)
Community and Cultural	<u>9,328</u>	<u>10,928</u>	<u>5,185</u>	<u>5,743</u>
Total Current	<u>9,328</u>	<u>10,928</u>	<u>5,266</u>	<u>5,662</u>
Debt Service:				
Principal	<u>-</u>	<u>-</u>	<u>21</u>	<u>(21)</u>
Total Expenditures	<u>9,328</u>	<u>10,928</u>	<u>5,287</u>	<u>5,641</u>
Excess of Revenues Over				
(Under) Expenditures	<u>24,419</u>	<u>22,819</u>	<u>2,477</u>	<u>(20,342)</u>
Other Financing Sources (Uses):				
Proceeds from Other Long-Term Obligations	250	850	931	81
Transfers Out	<u>-</u>	<u>-</u>	<u>(191)</u>	<u>(191)</u>
Total Other Financing				
Sources (Uses)	<u>250</u>	<u>850</u>	<u>740</u>	<u>(110)</u>
Excess of Revenues and Other				
Sources Over (Under) Expenditures				
and Other Uses	<u>24,669</u>	<u>23,669</u>	<u>3,217</u>	<u>(20,452)</u>
Fund Balances - October 1, Budgetary Basis	24,272	24,272	24,272	-
Encumbrances - Beginning of the Year	<u>175</u>	<u>175</u>	<u>175</u>	<u>-</u>
Fund Balances - September 30, Budgetary Basis	<u>\$ 49,116</u>	<u>\$ 48,116</u>	<u>\$ 27,664</u>	<u>\$ (20,452)</u>

The notes to the basic financial statements are an integral part of this statement.

City of Long Beach
Community Development Grants
Statement of Revenues, Expenditures and
Changes in Fund Balances -
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended September 30, 2002
(in Thousands)

	<u>Budgeted Amounts</u>		<u>Actual On</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary</u>	<u>with Final</u>
			<u>Basis</u>	<u>Budget -</u>
				<u>Positive</u>
				<u>(Negative)</u>
Revenues:				
Licenses and Permits	\$ -	\$ 8	\$ 10	\$ 2
Use of Money and Property	1,048	1,098	897	(201)
From Other Agencies	80,381	79,806	33,799	(46,007)
Other	7,550	8,633	4,075	(4,558)
Total Revenues	<u>88,979</u>	<u>89,545</u>	<u>38,781</u>	<u>(50,764)</u>
Expenditures:				
General Government	-	-	427	(427)
Public Safety	-	-	1,323	(1,323)
Community and Cultural	<u>76,793</u>	<u>75,155</u>	<u>33,697</u>	<u>41,458</u>
Total Current	<u>76,793</u>	<u>75,155</u>	<u>35,447</u>	<u>39,708</u>
Debt Service:				
Principal	448	1,675	2,675	(1,000)
Interest	<u>140</u>	<u>165</u>	<u>150</u>	<u>15</u>
Total Expenditures	<u>77,381</u>	<u>76,995</u>	<u>38,272</u>	<u>38,723</u>
Excess of Revenues Over				
(Under) Expenditures	<u>11,598</u>	<u>12,550</u>	<u>509</u>	<u>(12,041)</u>
Other Financing Sources (Uses):				
Transfers In	-	-	44	44
Transfers Out	<u>(600)</u>	<u>(1,552)</u>	<u>(603)</u>	<u>949</u>
Total Other Financing				
Sources (Uses)	<u>(600)</u>	<u>(1,552)</u>	<u>(559)</u>	<u>993</u>
Excess of Revenues and Other				
Sources Over (Under) Expenditures				
and Other Uses	<u>10,998</u>	<u>10,998</u>	<u>(50)</u>	<u>(11,048)</u>
Fund Balances - October 1, Budgetary Basis	<u>4,592</u>	<u>4,592</u>	<u>4,592</u>	<u>-</u>
Fund Balances - September 30, Budgetary Basis	<u>\$ 15,590</u>	<u>\$ 15,590</u>	<u>\$ 4,542</u>	<u>\$ (11,048)</u>

The notes to the basic financial statements are an integral part of this statement.

City of Long Beach
General Capital Projects
Statement of Revenues, Expenditures and
Changes in Fund Balances -
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended September 30, 2002
(in Thousands)

	<u>Budgeted Amounts</u>		Actual On	Variance
	<u>Original</u>	<u>Final</u>	Budgetary	with Final
			Basis	Budget -
				Positive
				(Negative)
Revenues:				
Licenses and Permits	\$ 3,318	\$ 3,318	\$ 3,422	\$ 104
Use of Money and Property	31	1,141	1,433	292
From Other Agencies	49,775	41,947	6,076	(35,871)
Other - Land Sales and Contributions	-	3,448	3,448	-
Other	-	-	13	13
Total Revenues	<u>53,124</u>	<u>49,854</u>	<u>14,392</u>	<u>(35,462)</u>
Expenditures:				
Capital Improvements	<u>108,230</u>	<u>138,094</u>	<u>60,678</u>	<u>77,416</u>
Excess of Revenues Over				
(Under) Expenditures	<u>(55,106)</u>	<u>(88,240)</u>	<u>(46,286)</u>	<u>41,954</u>
Other Financing Sources (Uses):				
Proceeds from Other Long-Term Obligations	2,605	36,308	33,703	(2,605)
Transfers In	13,172	13,315	10,923	(2,392)
Transfers Out	<u>(2,799)</u>	<u>(2,799)</u>	<u>(2,714)</u>	<u>85</u>
Total Other Financing				
Sources (Uses)	<u>12,978</u>	<u>46,824</u>	<u>41,912</u>	<u>(4,912)</u>
Excess of Revenues and Other				
Sources Over (Under) Expenditures				
and Other Uses	(42,128)	(41,416)	(4,374)	37,042
Fund Balances - October 1, Budgetary Basis	34,600	34,600	34,600	-
Encumbrances - Beginning of the Year	<u>12,821</u>	<u>12,821</u>	<u>12,821</u>	<u>-</u>
Fund Balances - September 30, Budgetary Basis	<u>\$ 5,293</u>	<u>\$ 6,005</u>	<u>\$ 43,047</u>	<u>\$ 37,042</u>

The notes to the basic financial statements are an integral part of this statement.

City of Long Beach
Redevelopment Capital Projects
Statement of Revenues, Expenditures and
Changes in Fund Balances -
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended September 30, 2002
(in Thousands)

	Budgeted Amounts		Actual On	Variance
	Original	Final	Budgetary	with Final
			Basis	Budget -
				Positive
				(Negative)
Revenues:				
Property Taxes	\$ 19,749	\$ 19,749	\$ 25,796	\$ 6,047
Other Taxes	3,613	3,613	2,604	(1,009)
Licenses and Permits	8	8	-	(8)
Use of Money and Property	4,388	4,388	4,857	469
From Other Agencies	464	248	-	(248)
Other - Land Sales and Contributions	300	300	2,374	2,074
Other	1	1	739	738
Total Revenues	<u>28,523</u>	<u>28,307</u>	<u>36,370</u>	<u>8,063</u>
Expenditures:				
General Government	194	194	165	29
Community and Cultural	<u>26,541</u>	<u>48,888</u>	<u>19,769</u>	<u>29,119</u>
Total Current	<u>26,735</u>	<u>49,082</u>	<u>19,934</u>	<u>29,148</u>
Debt Service:				
Principal	6,822	15,405	14,117	1,288
Interest	<u>8,356</u>	<u>14,352</u>	<u>10,299</u>	<u>4,053</u>
Total Expenditures	<u>41,913</u>	<u>78,839</u>	<u>44,350</u>	<u>34,489</u>
Excess of Revenues Over				
(Under) Expenditures	<u>(13,390)</u>	<u>(50,532)</u>	<u>(7,980)</u>	<u>42,552</u>
Other Financing Sources (Uses):				
Other Deferred Payments	-	-	513	513
Proceeds from Other Long-Term Obligations	939	110,431	79,863	(30,568)
Payments to Refunded Bond Escrow Agent	-	(45,681)	(23,223)	22,458
Transfers In	245	(75)	162	237
Transfers Out	<u>(3,074)</u>	<u>(3,774)</u>	<u>(4,291)</u>	<u>(517)</u>
Total Other Financing				
Sources (Uses)	<u>(1,890)</u>	<u>60,901</u>	<u>53,024</u>	<u>(7,877)</u>
Excess of Revenues and Other				
Sources Over (Under) Expenditures				
and Other Uses	(15,280)	10,369	45,044	34,675
Fund Balances - October 1, Budgetary Basis	(116,358)	(116,358)	(116,358)	-
Encumbrances - Beginning of the Year	<u>110</u>	<u>110</u>	<u>110</u>	<u>-</u>
Fund Balances - September 30, Budgetary Basis	<u>\$ (131,528)</u>	<u>\$ (105,879)</u>	<u>\$ (71,204)</u>	<u>\$ 34,675</u>

The notes to the basic financial statements are an integral part of this statement.

City of Long Beach
Proprietary Funds
Statement of Net Assets
September 30, 2002
(In Thousands)

	Business-type Activities - Enterprise Funds			
	Gas	Water	Solid Waste Management	Tidelands
ASSETS				
Current Assets:				
Pooled Cash and Cash Equivalents	\$ 16,170	\$ 5,286	\$ 53,348	\$ 11,899
Non-Pooled Cash and Cash Equivalents	-	-	-	-
Receivables:				
Interest Receivable	-	-	-	105
Accounts Receivable	2,511	4,420	8,239	1,560
Due from Other Governments	-	-	431	1,331
Due from Other Funds	578	-	-	8,677
Capital Leases Receivable-Current	-	-	-	264
Allowance for Receivables	(461)	(325)	(187)	(86)
Inventory	1,463	2,149	-	76
Total Current Asset	<u>20,261</u>	<u>11,530</u>	<u>61,831</u>	<u>23,826</u>
Restricted Assets:				
Pooled Cash and Cash Equivalents	1,882	2,188	-	9,527
Non-Pooled Cash and Cash Equivalents	-	-	-	51,594
Non-Pooled Investments	1,068	3,599	13,132	-
Interest Receivable	-	-	-	242
Deposits	-	-	-	-
Total Restricted Assets	<u>2,950</u>	<u>5,787</u>	<u>13,132</u>	<u>61,363</u>
Noncurrent Assets:				
Noncurrent Receivables:				
Capital Lease Receivable	-	-	-	1,873
Other Noncurrent Receivables	-	-	7,641	-
Advances to Other Funds	7,545	-	-	-
Capital Assets:				
Land and Other Capital Assets not being Depreciated	2,810	18,791	8,042	47,367
Capital Assets net of Accumulated Depreciation	54,297	194,130	60,120	321,779
Other Assets-Long-Term	-	631	659	1,968
Total Noncurrent Assets	<u>64,652</u>	<u>213,552</u>	<u>76,462</u>	<u>372,987</u>
Total Assets	<u>87,863</u>	<u>230,869</u>	<u>151,425</u>	<u>458,176</u>

Business-type Activities - Enterprise Funds				Governmental
Tideland Oil Revenue	Harbor	Other Proprietary Funds	Total Proprietary Funds	Activities - Internal Service Funds
71,340	\$ 227,571	\$ 13,069	\$ 398,683	\$ 136,323
-	30,111	-	30,111	-
-	313	-	418	-
26,350	28,059	1,969	73,108	942
304	5,089	425	7,580	5,986
-	12,164	-	21,419	2,046
-	-	-	264	-
-	(858)	(291)	(2,208)	(142)
-	768	57	4,513	1,649
97,994	303,217	15,229	533,888	146,804
-	273,828	137,949	425,374	9,454
-	-	-	51,594	22,513
-	12,361	7,863	38,023	-
-	-	511	753	-
-	-	-	-	1,768
-	286,189	146,323	515,744	33,735
-	-	-	1,873	-
771	5,931	-	14,343	-
-	27,435	-	34,980	-
-	1,167,506	10,975	1,255,491	25,629
-	1,061,796	63,666	1,755,788	90,397
192,385	85,560	-	281,203	91,192
193,156	2,348,228	74,641	3,343,678	207,218
291,150	2,937,634	236,193	4,393,310	387,757

(continued)

City of Long Beach
Proprietary Funds
Statement of Net Assets
September 30, 2002
(In Thousands)
(continued)

	Business-type Activities - Enterprise Funds			
	Gas	Water	Solid Waste Management	Tidelands
LIABILITIES				
Current Liabilities Payable from Current Assets:				
Accounts Payable	\$ 3,632	\$ 6,357	\$ 3,405	\$ 1,630
Accrued Wages	214	207	163	217
Accrued Interest Payable	-	-	7	262
Due to Other Funds	60	92	47	639
Deferred Revenues	73	-	-	2,068
Collections Held in Trust	-	-	559	71
Advances from Developers	-	43	-	-
Employee Benefits	-	-	-	-
Accrued Self-Insurance Claims - Current	-	-	-	-
Due to State of California	-	-	-	-
Obligations Under Capital Leases-Current	-	-	-	1,582
Bonds Payable Due Within One Year	-	-	-	1,517
Other Long-Term Obligations-Current	-	-	-	836
Total Current Liabilities	<u>3,979</u>	<u>6,699</u>	<u>4,181</u>	<u>8,822</u>
Current Liabilities Payable from Restricted Assets:				
Accounts Payable	-	-	183	-
Accrued Interest Payable	194	849	144	3,867
Customers Deposits	1,882	689	-	25
Other Long-Term Obligations	-	122	-	-
Bonds Payable Due Within One Year	600	1,570	4,200	1,348
Total Liabilities Payable from Restricted Assets	<u>2,676</u>	<u>3,230</u>	<u>4,527</u>	<u>5,240</u>
Noncurrent Liabilities:				
Advances from Other Funds	-	-	-	9,513
Deferred Revenues	-	-	7,641	-
Deferred Credits and Other Deferred Liabilities	-	-	659	-
Employee Benefits	-	-	-	-
Accrued Self-Insurance Claims	-	-	-	-
Accrued Oil Field Abandonment Costs	-	-	-	-
Arbitrage Payable	-	-	-	-
Due to State of California	-	-	-	-
Obligations Under Capital Leases	-	-	-	11,223
Other Long-Term Obligations	-	627	-	12,222
Unamortized Discount/Deferred cost	-	-	-	(266)
Bonds Payable	8,840	38,585	125,100	193,115
Unamortized Discount/Deferred cost	(228)	(4,211)	(2,529)	(19,478)
Total Noncurrent Liabilities	<u>8,612</u>	<u>35,001</u>	<u>130,871</u>	<u>206,329</u>
Total Liabilities	<u>15,267</u>	<u>44,930</u>	<u>139,579</u>	<u>220,391</u>
NET ASSETS				
Investment in Capital Assets, Net of Related Debt	47,895	175,501	(58,609)	167,047
Restricted for:				
Debt Service	274	5,097	13,132	18,895
Capital Projects	-	-	-	32,843
Health Care Insurance	-	-	-	-
Alameda Corridor Transportation Authority Commitment	-	-	-	-
Aquarium	-	-	-	4,385
Subsidence	-	-	-	-
Unrestricted	<u>24,427</u>	<u>5,341</u>	<u>57,323</u>	<u>14,615</u>
Total Net Assets	<u>\$ 72,596</u>	<u>\$ 185,939</u>	<u>\$ 11,846</u>	<u>\$ 237,785</u>

Adjustment to Reflect the Consolidation of Internal Service Fund Activities Related to Enterprise Funds

Net Assets of Business - Type Activities

The notes to the basic financial statements are an integral part of this statement.

Business-type Activities - Enterprise Funds				Governmental
Tideland Oil Revenue	Harbor	Other Proprietary Funds	Total Proprietary Funds	Activities - Internal Service Funds
\$ 10,648	\$ 65,882	\$ 2,896	\$ 94,450	\$ 6,242
70	3,443	181	4,495	27,866
-	119	215	603	5,626
20	8,881	53	9,792	152
-	9,074	2,063	13,278	-
3,710	8	798	5,146	9,033
-	-	33	76	-
-	-	-	-	4,327
-	-	-	-	20,170
12,559	-	-	12,559	-
-	-	-	1,582	2,950
-	-	-	1,517	5,675
-	55	650	1,541	-
27,007	87,462	6,889	145,039	82,041
-	-	2,272	2,455	790
-	21,835	-	26,889	-
-	-	-	2,596	-
-	-	-	122	-
-	30,145	-	37,863	-
-	51,980	2,272	69,925	790
-	-	2,883	12,396	-
-	-	-	7,641	-
-	3,799	-	4,458	-
-	-	-	-	50,068
-	-	-	-	65,671
241,300	26,313	-	267,613	-
-	-	-	-	513
744	-	-	744	-
-	-	-	11,223	3,951
-	60,397	12,100	85,346	-
-	-	(1,508)	(1,774)	-
-	1,177,160	-	1,542,800	180,660
-	8,099	-	(18,347)	(20,384)
242,044	1,275,768	13,475	1,912,100	280,479
269,051	1,415,210	22,636	2,127,064	363,310
-	1,004,528	63,399	1,399,761	49,508
-	85,204	1,298	123,900	7,503
-	172,566	-	205,409	16,248
-	-	-	-	9,194
-	63,456	-	63,456	-
-	-	-	4,385	-
-	-	142,753	142,753	-
22,099	196,670	6,107	326,582	(58,006)
\$ 22,099	\$ 1,522,424	\$ 213,557	2,266,246	\$ 24,447
			(4,658)	
			\$ 2,261,588	

City of Long Beach
Proprietary Funds
Statement of Revenues, Expenses and Changes in Fund Net Assets
For the Fiscal Year Ended September 30, 2002
(In Thousands)

	Business-type Activities - Enterprise Funds			
	Gas	Water	Solid Waste Management	Tidelands
Operating Revenues:				
Licenses and Permits	\$ -	\$ -	\$ -	\$ 8
Fines and Forfeitures	-	-	-	139
Fees, Concessions and Rentals	-	-	-	23,090
From Other Agencies	-	-	-	22,065
Charges for Services	62,301	58,969	67,931	860
Other	-	-	-	23
Total Revenues	62,301	58,969	67,931	46,185
Operating Expenses:				
Personal Services	10,764	10,781	9,800	14,323
Purchases of Gas and Water	29,861	18,371	-	-
Maintenance and Other Operations	10,520	19,172	48,398	18,178
Insurance Premiums	-	-	-	-
Self-Insured Losses	-	-	-	-
Compensated Absences	-	-	-	-
Employee Benefits	-	-	-	-
Payments to Other Entities	-	-	-	19,733
Bad Debt	144	-	243	-
Amortization	-	-	-	-
Depreciation	3,185	7,748	4,919	14,095
Total Operating Expenses	54,474	56,072	63,360	66,329
Operating Income (Loss)	7,827	2,897	4,571	(20,144)
Non-Operating Income (Expense):				
Interest Income	1,029	751	2,634	6,359
Interest Expense	(489)	(2,280)	(5,909)	(13,670)
Gain (Loss) on Disposition of Capital Assets	(366)	(619)	-	48
Oil Field Abandonment Costs	-	-	-	-
Operating Grants	-	-	1,173	-
Other Income (Expense)	341	1,484	1,569	675
Total Non-Operating Income (Expense)	515	(664)	(533)	(6,588)
Income (Loss) Before Contributions and Operating Transfers	8,342	2,233	4,038	(26,732)
Capital Grants and Contributions	-	1,086	-	32,142
Transfers:				
Transfers In	-	-	-	14,704
Transfers Out	(7,851)	-	-	-
Change in Net Assets	491	3,319	4,038	20,114
Net Assets - October 1, as Restated	72,105	182,620	7,808	217,671
Net Assets - September 30	\$ 72,596	\$ 185,939	\$ 11,846	\$ 237,785

Change in Net Assets of Business - Enterprise Funds

Adjustment to Reflect the Consolidation of Internal Service Fund Activities Related to Enterprise Funds

Change in Net Assets of Business - Type Activities

The notes to the basic financial statements are an integral part of this statement.

Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
Tideland Oil Revenue	Harbor	Other Proprietary Funds	Total Proprietary Funds	
\$ -	\$ -	\$ -	\$ 8	\$ -
-	-	-	139	-
39,057	220,062	13,357	295,566	-
-	-	-	22,065	-
4,950	-	13,498	208,509	194,672
368	3,937	-	4,328	4,721
<u>44,375</u>	<u>223,999</u>	<u>26,855</u>	<u>530,615</u>	<u>199,393</u>
4,016	23,376	9,145	82,205	26,826
-	-	-	48,232	-
5,608	16,709	17,684	136,269	39,992
-	-	-	-	2,574
-	-	-	-	32,538
-	-	-	-	41,437
-	-	-	-	54,066
11,416	-	-	31,149	-
-	-	21	408	-
-	-	-	-	899
-	53,027	3,182	86,156	12,896
<u>21,040</u>	<u>93,112</u>	<u>30,032</u>	<u>384,419</u>	<u>211,228</u>
<u>23,335</u>	<u>130,887</u>	<u>(3,177)</u>	<u>146,196</u>	<u>(11,835)</u>
-	14,352	7,154	32,279	3,890
-	(38,020)	(820)	(61,188)	(9,831)
-	(10,426)	(30)	(11,393)	480
(15,511)	-	-	(15,511)	-
-	-	2,424	3,597	-
146	2,460	(4,342)	2,333	3,770
<u>(15,365)</u>	<u>(31,634)</u>	<u>4,386</u>	<u>(49,883)</u>	<u>(1,691)</u>
7,970	99,253	1,209	96,313	(13,526)
-	-	3,463	36,691	-
-	-	-	14,704	-
(3,493)	(8,677)	-	(20,021)	(7,276)
4,477	90,576	4,672	127,687	(20,802)
17,622	1,431,848	208,885	2,138,559	45,249
<u>\$ 22,099</u>	<u>\$ 1,522,424</u>	<u>\$ 213,557</u>	<u>\$ 2,266,246</u>	<u>\$ 24,447</u>
			127,687	
			(4,658)	
			<u>\$ 123,029</u>	

City of Long Beach
Proprietary Funds
Statement of Cash Flows
For the Fiscal Year Ended September 30, 2002
(In Thousands)

<u>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u>	<u>Business-Type Activities - Enterprise Funds</u>			
	<u>Gas</u>	<u>Water</u>	<u>Solid Waste Management</u>	<u>Tidelands</u>
Cash Flows from Operating Activities:				
Receipts from Customers	\$ 61,716	\$ 58,869	\$ 80,165	\$ 24,540
Receipts from Oil Companies	-	-	-	-
Receipts from Other Governments	-	-	-	21,381
Receipts from Other Funds	-	-	-	-
Payments for Employee Salaries	(10,726)	(10,726)	(9,747)	(14,282)
Payments for Goods and Services	(36,715)	(36,890)	(49,463)	(18,268)
Payments for Compensated Absences	-	-	-	-
Payments for Employee Benefits	-	-	-	-
Payments for Liability Claims	-	-	-	-
Payments to Other Entities	-	-	-	(19,225)
Payments in Lieu of Taxes	-	(1,776)	-	-
Other Income (Expense)	341	2,312	1,570	64
Net Cash Provided by (Used for) Operating Activities	<u>14,616</u>	<u>11,789</u>	<u>22,525</u>	<u>(5,790)</u>
Cash Flows from Non-Capital Financing Activities:				
Repayment under Agency Agreement	-	-	-	-
Operating Grants Received from Other Governments	-	-	1,173	-
Transfers In	-	-	-	14,841
Receipts for Oil Well Abandonment Reserve	-	-	-	-
Transfers Out	(7,851)	-	-	-
Net Cash Provided by (Used for) Non-Capital Financing Activities	<u>(7,851)</u>	<u>-</u>	<u>1,173</u>	<u>14,841</u>
Cash Flows from Capital and Related Financing Activities:				
Receipt of Capital Grants	-	-	-	153
Proceeds from the Sale of Capital Assets	-	-	-	48
Proceeds from Issuance of Long-Term Obligations	-	-	-	-
Receipts of Contributed Capital	-	-	-	32,142
Payments to Developers	-	(16)	-	-
Principal Received on Capital Leases	-	-	-	240
Principal Received on Capital Leases from other funds	553	-	-	-
Payments for Capital Acquisitions	(4,690)	(14,429)	252	(4,210)
Payments of Principal on Bonds Payable	(575)	(1,505)	(3,900)	(2,379)
Payments of Principal on Other Long- Term Obligations	-	(117)	-	(2,768)
Payments to Defeas Bonds	-	-	-	-
Payments to Redeem Commercial Paper	-	-	-	-
Payments of Interest	(479)	(2,309)	(5,602)	(12,380)
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>(5,191)</u>	<u>(18,376)</u>	<u>(9,250)</u>	<u>10,846</u>
Cash Flows from Investing Activities:				
Proceeds from the Sale of Investments	-	-	402	-
Payments to Other Government Entities	-	-	-	-
Harbor Oil Operations Providing Cash	-	-	-	-
Receipts of Interest	1,029	751	2,634	6,358
Net Cash Provided by Investing Activities	<u>1,029</u>	<u>751</u>	<u>3,036</u>	<u>6,358</u>
Net Increase (Decrease) in Cash and Cash Equivalents	2,603	(5,836)	17,484	26,255
Cash and Cash Equivalents - October 1	<u>15,449</u>	<u>13,310</u>	<u>35,864</u>	<u>46,765</u>
Cash and Cash Equivalents - September 30	<u>\$ 18,052</u>	<u>\$ 7,474</u>	<u>\$ 53,348</u>	<u>\$ 73,020</u>

Business-Type Activities - Enterprise Funds				Governmental
Tideland		Other		Activities -
Oil		Proprietary		Internal
Revenue	Harbor	Funds	Total	Service Funds
\$ -	\$ 231,722	\$ 27,868	\$ 484,880	\$ 4,693
34,065	-	-	34,065	-
-	-	-	21,381	-
-	-	-	-	194,579
(4,008)	(16,414)	(8,397)	(74,300)	(26,551)
(3,514)	(55,807)	(12,248)	(212,905)	(43,441)
-	-	-	-	(53,852)
-	-	-	-	(53,006)
-	-	-	-	(2,013)
(7,395)	-	-	(26,620)	-
-	-	(4,971)	(6,747)	-
(15,365)	-	(1,186)	(12,264)	3,799
3,783	159,501	1,066	207,490	24,208
-	1,083	-	1,083	-
-	-	2,424	3,597	-
-	-	-	14,841	-
15,511	-	-	15,511	-
(3,493)	(8,314)	-	(19,658)	(7,276)
12,018	(7,231)	2,424	15,374	(7,276)
-	-	-	153	-
-	45,562	-	45,610	581
-	308,778	-	308,778	80,730
-	-	2,992	35,134	-
-	-	-	(16)	-
-	-	-	240	-
-	-	-	553	-
-	(263,405)	(11,801)	(298,283)	(22,083)
-	(17,960)	(615)	(26,934)	-
-	(55)	-	(2,940)	(3,824)
-	-	-	-	(86,602)
-	(75,000)	-	(75,000)	-
-	(48,434)	(675)	(69,879)	(10,221)
-	(50,514)	(10,099)	(82,584)	(41,419)
-	3,750	1,321	5,473	-
-	-	(3,934)	(3,934)	-
-	2,706	-	2,706	-
-	16,637	8,443	35,852	3,766
-	23,093	5,830	40,097	3,766
15,801	124,849	(779)	180,377	(20,721)
55,539	406,661	151,797	725,385	189,011
\$ 71,340	\$ 531,510	\$ 151,018	\$ 905,762	\$ 168,290

(continued)

City of Long Beach
Proprietary Funds
Statement of Cash Flows
For the Fiscal Year Ended September 30, 2002
(In Thousands)
(Continued)

<u>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</u>	<u>Business-Type Activities - Enterprise Funds</u>			
	<u>Gas</u>	<u>Water</u>	<u>Solid Waste Management</u>	<u>Tidelands</u>
Operating Income (Loss)	\$ 7,827	\$ 2,897	\$ 4,571	\$ (20,144)
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used for)				
Operating Activities:				
Depreciation and Amortization Expense	3,185	7,748	4,919	14,095
Other Income (Expense)	341	1,413	1,570	64
(Increase) Decrease in Accounts Receivable, Net	1,650	(115)	12,395	509
(Increase) Decrease in Amounts Due from Other Governments	-	897	98	(685)
(Increase) Decrease in Amounts Due from Other Funds	-	-	-	-
(Increase) Decrease in Inventory	30	(191)	-	-
Increase in Other Non-Operating Assets	-	-	-	-
Increase (Decrease) in Accounts Payable	2,381	(932)	(1,065)	919
Increase in Accrued Wages Payable	38	55	42	42
Increase (Decrease) in Amounts Due to Other Funds	8	1	11	(501)
Increase in Accrued Claims Payable	-	-	-	-
Increase (Decrease) in Deferred Revenues	(856)	-	-	8
Increase (Decrease) in Collections Held in Trust	12	16	(16)	(97)
Total Adjustments	6,789	8,892	17,954	14,354
Net Cash Provided by (Used for) Operating Activities	<u>\$ 14,616</u>	<u>\$ 11,789</u>	<u>\$ 22,525</u>	<u>\$ (5,790)</u>
<u>SCHEDULE OF NON-CASH ACTIVITIES:</u>				
Contributed Capital for Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The notes to the basic financial statements are an integral part of this statement.

Business-Type Activities - Enterprise Funds				Governmental
Tideland		Other		Activities -
Oil		Proprietary		Internal
Revenue	Harbor	Funds	Total	Service Funds
<u>\$ 23,335</u>	<u>\$ 130,887</u>	<u>\$ (3,177)</u>	<u>\$ 146,196</u>	<u>\$ (11,835)</u>
-	53,027	3,182	86,156	13,796
(15,365)	-	(1,249)	(13,226)	3,770
(10,293)	3,325	(450)	7,021	144
3,714	-	63	4,087	28
74	-	-	74	(267)
-	6	9	(146)	(272)
-	(14,469)	-	(14,469)	-
2,093	(14,613)	457	(10,760)	(617)
8	-	66	251	3,559
2	340	682	543	(93)
-	-	-	-	16,663
-	998	1,054	1,204	-
215	-	429	559	(668)
(19,552)	28,614	4,243	61,294	36,043
<u>\$ 3,783</u>	<u>\$ 159,501</u>	<u>\$ 1,066</u>	<u>\$ 207,490</u>	<u>\$ 24,208</u>
<u>\$ -</u>	<u>\$ 2,184</u>	<u>\$ -</u>	<u>\$ 2,184</u>	<u>\$ -</u>

City of Long Beach
Private Purpose Trust Funds
Balance Sheet
September 30, 2002
(In Thousands)

	<u>Miller Library</u>	<u>Mayor's Fund for the Homeless</u>	<u>Total</u>
ASSETS			
Restricted Pooled Cash and Cash Equivalents	<u>\$ 825</u>	<u>\$ 141</u>	<u>\$ 966</u>
FUND EQUITY			
Fund Balances:			
Reserved	<u>\$ 825</u>	<u>\$ 141</u>	<u>\$ 966</u>

Statement of Revenues, Expenditures and
Changes in Fund Balances
For the Fiscal Year Ended September 30, 2002
(In Thousands)

	<u>Miller Library</u>	<u>Mayor's Fund for the Homeless</u>	<u>Total</u>
Revenues:			
Use of Money and Property	\$ 35	\$ 5	\$ 40
Contributions from Citizens	<u>-</u>	<u>1</u>	<u>1</u>
Total Revenues	<u>35</u>	<u>6</u>	<u>41</u>
Expenditures:			
Current:			
Community and Cultural	<u>18</u>	<u>-</u>	<u>18</u>
Excess of Revenues Over (Under) Expenditures	17	6	23
Fund Balances - October 1	<u>808</u>	<u>135</u>	<u>943</u>
Fund Balances - September 30	<u>\$ 825</u>	<u>\$ 141</u>	<u>\$ 966</u>

The notes to the basic financial statements are an integral part of this statement.

City of Long Beach
Agency Funds
Statement of Changes in Assets and Liabilities
For the Fiscal Year Ended September 30, 2002
(In Thousands)

	Balance October 1, 2001	Additions	Deletions	Balance September 30, 2002
<u>BELMONT SHORE PARKING</u>				
<u>DISTRICT FUND</u>				
ASSETS				
Pooled Cash and Cash Equivalents	\$ 89	\$ -	\$ -	\$ 89
LIABILITIES				
Accounts Payable	\$ 89	\$ -	\$ -	\$ 89
<u>TAXES - OIL RIGHTS FUND</u>				
ASSETS				
Pooled Cash and Cash Equivalents	\$ 1,258	\$ 55	\$ -	\$ 1,313
LIABILITIES				
Collections Held in Trust	\$ 1,258	\$ 55	\$ -	\$ 1,313
<u>SPECIAL ASSESSMENT DISTRICT FUND</u>				
ASSETS				
Pooled Cash and Cash Equivalents	\$ 4,045	\$ 3,941	\$ 6,285	\$ 1,701
Non-Pooled Cash and Cash Equivalents	2,138	11,628	2,303	11,463
Total Assets	\$ 6,183	\$ 15,569	\$ 8,588	\$ 13,164
LIABILITIES				
Due to Special Assessment Bondholders	\$ 887	\$ 3,832	\$ 4,401	\$ 318
Collections Held in Trust	5,296	11,680	4,130	12,846
Total Liabilities	\$ 6,183	\$ 15,512	\$ 8,531	\$ 13,164
<u>INTERMODAL CONTAINER TRANSFER FACILITY</u>				
<u>JOINT POWER AUTHORITY FUND</u>				
ASSETS				
Pooled Cash and Cash Equivalents	\$ 1,581	\$ 7,969	\$ 7,500	\$ 2,050
LIABILITIES				
Collections Held in Trust	\$ 1,581	\$ 7,969	\$ 7,500	\$ 2,050
<u>EARTHQUAKE ASSESSMENT DISTRICT FUND</u>				
ASSETS				
Pooled Cash and Cash Equivalents	\$ 5,462	\$ 4,279	\$ 7,928	\$ 1,813
LIABILITIES				
Due to Special Assessment Bondholders	\$ 5,185	\$ 4,271	\$ 7,924	\$ 1,532
Collections Held in Trust	277	4	-	281
Total Liabilities	\$ 5,462	\$ 4,275	\$ 7,924	\$ 1,813

(continued)

City of Long Beach
Agency Funds
Statement of Changes in Assets and Liabilities
For the Fiscal Year Ended September 30, 2002
(In Thousands)
(continued)

	Balance October 1, 2001	Additions	Deletions	Balance September 30, 2002
<u>OTHER AGENCY FUNDS</u>				
ASSETS				
Pooled Cash and Cash Equivalents	\$ 560	\$ 2,005	\$ 1,897	\$ 668
Non-Pooled Cash and Cash Equivalents	444	800	1,206	38
Accounts Receivable	-	12	12	-
Total Assets	<u>\$ 1,004</u>	<u>\$ 2,817</u>	<u>\$ 3,115</u>	<u>\$ 706</u>
LIABILITIES				
Accounts Payable	\$ 2	\$ 712	\$ 713	\$ 1
Collections Held in Trust	1,002	1,909	2,206	705
Total Liabilities	<u>\$ 1,004</u>	<u>\$ 2,621</u>	<u>\$ 2,919</u>	<u>\$ 706</u>
<u>TOTAL AGENCY FUND</u>				
ASSETS				
Pooled Cash and Cash Equivalents	\$ 12,995	\$ 18,249	\$ 23,610	\$ 7,634
Non-Pooled Cash and Cash Equivalents	2,582	12,428	3,509	11,501
Accounts Receivable	-	12	12	-
Total Assets	<u>\$ 15,577</u>	<u>\$ 30,689</u>	<u>\$ 27,131</u>	<u>\$ 19,135</u>
LIABILITIES				
Accounts Payable	\$ 91	\$ 712	\$ 713	\$ 90
Due to Special Assessment Bondholders	6,072	8,103	12,325	1,850
Collections Held in Trust	9,414	21,617	13,836	17,195
Total Liabilities	<u>\$ 15,577</u>	<u>\$ 30,432</u>	<u>\$ 26,874</u>	<u>\$ 19,135</u>

The notes to the basic financial statements are an integral part of this statement.

**CITY OF LONG BEACH
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2002**

NOTE 1 – REPORTING ENTITY

Organization

The City of Long Beach operates under a City Charter originally adopted in 1921 and last amended in 2002. The City Charter establishes the current Mayor-Council-City Manager form of government, sets forth the powers and duties of the Mayor and City Council and defines the roles, duties, and form of organization of the City's various boards, commissions, and other offices. The City is divided into nine councilmanic districts, with Council persons elected to serve within their respective districts. The citizens, as a whole, elect a Mayor, City Auditor, City Attorney and City Prosecutor. The City Council appoints a City Manager who serves at the discretion of the Council.

Financial Reporting Entity

The City provides a full range of municipal services including police and fire, health and environmental, library, recreation and related social services, public works, parks, sanitation, planning and community development, public improvements, gas, water, airport and towing services. The City operates its international harbor facility, the Tidelands area, consisting of the convention center, Queen Mary, Rainbow Harbor, marinas, beaches and oil extraction administrative operations under a trust agreement with the State of California. It is the City's policy to establish activity fees and charges designed to recover the cost of providing services, including capital costs such as depreciation and debt service. Accordingly, the financial operations of these operations are accounted for as enterprise funds.

The accompanying basic financial statements present the financial activity of the City of Long Beach and its component units, entities for which the primary government is considered to be financially accountable. Blended component units, although separate legal entities, are, in substance, part of the government's operations. The City's discretely presented component unit represents a legally separate organization for which the nature and significance of their relationship to the primary government are such that exclusion would cause the City's reporting entity to be misleading or incomplete. Brief descriptions of these related blended and discretely presented component financial reporting units/entities and the method of incorporating their financial information in the accompanying basic financial statements are as follows:

Blended Component Entities

Housing Authority of the City of Long Beach (the Authority) is a public agency created by action of the City Council in 1969 to administer housing assistance programs for qualified residents. The Authority is governed by an eleven-member Board of Commissioners, comprised of the nine City Council members and two representatives elected by housing assistance benefit recipients. The Authority's administrative functions are directed and performed by City employees. The financial activity of the Authority is included in the City's accompanying basic financial statements as the Housing Assistance Special Revenue Fund.

CITY OF LONG BEACH
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2002

Long Beach Housing Development Company (the Company) is a non-profit corporation formed by action of the City Council in 1987 to plan, direct, perform and assist the City in meeting its statutorily mandated responsibility to provide adequate housing to low and moderate-income residents, senior citizens and disabled persons. Under California law, the City's Redevelopment Agency is required to set aside 20% of its incremental property tax revenues to meet these needs. It is the Company's assigned responsibility to assist the City and the Redevelopment Agency in assessing such needs. The City Council appoints the Company's Board of Directors, approves the Company's bylaws and changes thereto, approves the Company's budget and has ultimate authority over the Company's activities. In addition, the City provides all staff, facilities and funding for the Company's operations. The financial activities are blended with those of the City in the accompanying basic financial statements and are accounted for in the Housing Development Special Revenue Fund. By electing to form a non-profit corporation to carry out functions that would ordinarily revert to the City, it is the City Council's intention that a greater potential for public/private partnerships be created.

Redevelopment Agency of the City of Long Beach (the Agency) was established by action of the City Council in 1961 under provisions of State law. The Agency is administered by a five-member governing board whose members are appointed by, and serve at the will of, the City Council. The City Council approves the Agency's annual budget and changes thereto. Additionally, the City Council approves all decisions that impact the Agency's fiscal operations, such as determination of redevelopment project areas, bonding decisions and sales of property. Further, the City provides all staff, treasury management and investment analysis, facilities and administrative services to conduct the Agency's day to day operations. Accordingly, the financial activities of the Agency are blended with those of the City in the accompanying basic financial statements and are reported as the Redevelopment Capital Projects Fund.

To accomplish its stated purpose, the Agency assists the City by acquiring land and makes such sites suitable for resale to contracted commercial developers. Agency parcels are often sold below the cost of acquisition, with the expectation that the proposed development will meet the objectives of increasing local revenues, expanding the City's economic base and employment opportunities, and removing blighted areas. Such acquisitions are recorded as investments in land at cost, and are adjusted for estimated declines in market value, upon negotiation of a development disposition agreement.

Southeast Resource Recovery Facility (SERRF) Authority is a joint powers authority between the City of Long Beach and the Los Angeles County Sanitation District Number 2. The Authority was created to finance the construction of a waste-to-energy facility through the issuance of lease revenue bonds. Payments under the lease are intended to service bonded debt issued to finance construction of the project. For financial reporting purposes, the capital lease between the SERRF Authority and the City has been eliminated, and the financial activities of the SERRF Authority are included in the Solid Waste Management Enterprise Fund. (See Note 18).

**CITY OF LONG BEACH
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2002**

Other Related Entities:

The financial operations of several non-profit financing corporations and authorities organized for the purpose of financing various capital improvements or debt refinancings within the City are also included as blended component units in the accompanying basic financial statements. The activities of the organizations listed below are generally restricted to financing City related capital improvements. In this regard, the City Council either serves as the governing board or appoints the voting majority of the governing board, and otherwise exercises significant oversight and direct operational and financial control over these entities. Therefore, such entities meet established criteria for inclusion in the accompanying basic financial statements.

For the most part, these non-profit corporations enter into capitalizable leases with the City (See Note 11). However, for financial reporting purposes, such lease transactions are eliminated, and the related financing obligations and related capital assets are carried at cost in the accompanying basic financial statements.

The non-profit financing corporations established by the City are:

<u>Entity</u>	<u>Affected Fund Type</u>	<u>Affected Funds</u>
Long Beach Financing Authority	Governmental	Redevelopment Capital Projects Fund
Long Beach Bond Financing Authority	Governmental and Business-Type	Civic Center and Fleet Services Internal Service Funds; Tidelands Enterprise Fund
Long Beach Capital Improvement Corporation	Business-Type	Airport Enterprise Fund
Parking Authority of the City of Long Beach	Business-Type	Tidelands Enterprise Fund

Separately issued financial statements are required for the Redevelopment Agency, the Housing Development Company and several separate financing authorities because of financing or legal requirements. These separately issued financial statements may be obtained at City Hall. There is no requirement to separately issue financial statements for the remaining component financial reporting units; consequently, none are issued.

Discretely Presented Component Unit

Long Beach Public Transportation Company (LBT) is a nonprofit corporation, formed in 1963 to purchase the local public transit system from a private carrier.

LBT is governed by a seven-member Board of Directors (Board) which provides broad policy and financial decisions, setting direction for management. The Mayor, with the approval of the Long Beach City Council, appoints residents of the community to the Board

CITY OF LONG BEACH
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2002

to serve overlapping four-year terms. In addition, two designees of the City Manager's Office serve as ex officio Board members but do not have voting authority. The LBT's mission is "to provide public transit services that enhance and improve the quality of life for the people in our community."

The LBT governing body is not substantively the same as that of the City and its service area overlaps other communities. The LBT is reported as a separate column to emphasize that it is legally separate from the City. The City is the sole shareholder. Separate financial statements can be obtained from the Executive Director of Financial Services, Long Beach Transit, P.O. Box 731, Long Beach, CA 90801.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1.) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2.) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the accompanying government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the accompanying fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The City's government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

CITY OF LONG BEACH
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2002

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, and except for reimbursement basis government revenues, which are recognized when earned, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

Property taxes and taxpayer-assessed tax revenues (e.g., franchise taxes, sales taxes, motor vehicle fees, etc.), net of estimated refunds and uncollectible amounts, and interest associated with the current fiscal period are all considered susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered measurable and available only when cash is received by the City.

Major Governmental Funds

The General Fund is used to account for financial resources applicable to the general governmental operations of the City of Long Beach which are not required to be accounted for in another fund.

The Housing Development Fund is used to account for the portion of Redevelopment tax increment monies which is required under California Redevelopment Law, Section 33334, to be set aside for the development of low and moderate income housing. The Housing Development Company is also accounted for in the Housing Development Special Revenue Fund.

The Community Development Grants Fund is used to account for Federal grants providing job training and employment opportunities for economically disadvantaged, unemployed, and under employed persons. This fund is also used to account for Federal grants received from the U.S. Department of Housing and Urban Development (HUD). HUD grants are used for the development of a viable urban community by providing decent housing, a suitable living environment, and expanding economic opportunities, principally for persons of low and moderate income.

The General Capital Projects Fund was established to account for the acquisition, construction, and improvement of capital facilities financed by grants and operating transfers from the General Fund and certain special revenue funds.

The Redevelopment Capital Projects Fund was established to account for the acquisition, relocation, demolition and sale of properties for those portions of the City of Long Beach which have been earmarked for redevelopment. Redevelopment projects are financed with property tax increment revenues, operating transfers from the Community Development Grants Special Revenue Fund, and bond proceeds. This fund is also used to account for the accumulation of resources for, and the

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payment of principal and interest on the Redevelopment Agency's bonded debt and other long-term obligations.

Major Enterprise Funds

The Gas Fund is used to account for the activities associated with the transmission and distribution of natural gas to the City's users.

The Water Fund is used to account for the activities associated with the pumping, purchasing, treatment, transmission and distribution of potable water by the City to its users.

The Solid Waste Management Fund is used to account for the City's refuse collection and resource recovery operations. The Southeast Resource Recovery Facility (SERRF) Joint Powers Authority is consolidated with the City's Solid Waste Management Fund for financial statement presentation.

The Tidelands Fund is used to account for operations, maintenance and development of the Convention Center, the Queen Mary, as well as the City's marinas and beaches. For financial statement presentation, the Parking Authority of the City of Long Beach is consolidated with the Tidelands Fund.

The Tideland Oil Revenue Fund is used to account for the proceeds from oil operations within the City's Tidelands Area.

The Harbor Fund is used to account for the operations and development of the Port of Long Beach.

Additionally, the City reports the following fund types:

Internal Service Funds account for a variety of services provided to other departments or agencies of the City on a cost reimbursement basis. These services include information technology, fleet services, civic center and related maintenance and financing, liability insurance, workers' compensation insurance, unemployment insurance and employee benefits.

Private Purpose Trust Funds account for assets and activities restricted to a specific purpose in accordance with a trust agreement. These include the Miller Library and Mayor's Fund for the Homeless, from which both principal and interest may be spent for the purposes of the trusts.

Agency Funds account for assets held by the City as an agent for individuals, private organizations and other governmental units.

The City applies all Governmental Accounting Standards Board (GASB) Statements and Interpretations. As permitted by generally accepted accounting principles, the City has also elected to apply those Financial Accounting Standards Board (FASB) Statements and Interpretations issued before November 30, 1989 that may apply to the accounting and

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reporting practices of the City's proprietary fund operations, except those that may conflict with GASB pronouncements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the City's gas, water and sewer functions and various other City functions. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include: 1.) charges to customers or applicants for goods, services, or privileges provided, 2.) operating grants and contributions, and 3.) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Business-type activities distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a business-type activity's principal ongoing operations. The principal operating revenues of the City's business-type activities are charges for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Pooled Cash and Cash Equivalents

In order to maximize investment return, the City pools its available cash for investment purposes. The cash management pool is used essentially as a demand deposit account by the various funds; accordingly the City has defined Cash and Cash Equivalents as demand deposits plus all investments maintained in the cash management pool, regardless of maturity period. In addition, several individual funds maintain specific investments over and above any pooled cash balances they may maintain.

Interest income arising from pooled cash and investments is apportioned to the participating funds based on the relationship of their respective daily cash balances to the total of pooled cash and investments. Investments are stated at fair value at September 30, 2002. (See Note 4).

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (for example, the current portion of interfund loans) or "advances to/from other funds" (for example, the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

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Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

Trade and property tax receivables are shown net of any provisions for uncollectible accounts.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the constructed asset.

Capital assets of the primary government are depreciated on a straight-line basis, over the estimated useful lives of the assets, as follows:

Land Improvements	15-35 years
Buildings and Utility Plant	20-50 years
Structures and Facilities	10-35 years
Infrastructure	20-50 years
Automobiles	2-6 years
Automotive Equipment	10-20 years
Machinery and Equipment	5-20 years
Office Furniture, Fixtures and Equipment	3-20 years

Land parcels held for resale are recorded at cost, and are adjusted for estimated declines in market value, upon negotiation of a development disposition agreement.

Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Initial-issue bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight line method. The difference between the reacquisition price of refunding bonds and the net carrying amount of refunded debt (deferred amount on refunding) is amortized over the

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shorter of the lives of the refunding debt or remaining life of the refunded debt. Bonds payable are reported net of the unamortized portion of applicable premium, discount or deferred amount on refunding. Bond issuance costs, including underwriters' discount, are reported as deferred bond issuance costs. Amortization of bond premiums or discounts, issuance costs and deferred amounts on refunding are generally included in interest expense unless otherwise noted.

In the accompanying fund financial statements, the City's governmental fund types recognize bond premiums, discounts and issuance costs during the period issued. The face amount of debt issued has been reported as other financing sources. Premiums received are reported as other financing sources, while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

Adoption of New Accounting Standards

The City adopted the following pronouncements of the Governmental Accounting Standards Board (GASB) effective October, 2001. (see Governmental Funds and Business-Type Activities pages 59-61)

Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – For State and Local Governments*: This statement significantly changes the manner in which the City records transactions and presents financial information.

GASB Statement No. 34 establishes new requirements and a new reporting model for the annual financial reports of state and local governments. The statement was developed to make annual reports of state and local governments easier to understand and more useful to the people who use governmental financial information to make decisions.

Management's Discussion and Analysis – GASB Statement No. 34 requires that financial statements be accompanied by a narrative introduction and analytical overview of the City's financial activities in the form of "management's discussion and analysis" (MD&A). This analysis is similar to the analysis provided in the annual reports of private-sector organizations.

Government-Wide Financial Statements – The reporting model includes financial statements prepared using full accrual accounting for all of the City's activities. This approach includes not just current assets and liabilities but also capital and other long-term assets as well as long-term liabilities. Accrual accounting also reports all of the revenues and costs of providing services each year, not just those received or paid in the current year or soon thereafter.

Statement of Net Assets – The Statement of Net Assets is designed to display the financial position of the primary government (government and business-type activities). The City now reports all capital assets in the government-wide statement of net assets and reports depreciation expense – the cost of "using up" capital assets – in the statement of activities. The net assets of the City are broken down into three categories – 1.) invested in capital assets, net of related debt; 2.) restricted; and 3.) unrestricted.

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Statement of Activities – The government-wide Statement of Activities reports expenses and revenues in a format that focuses on the cost of each of the City's functions. The expense of individual functions is compared to the revenue generated directly by the function.

Accordingly, the City has recorded capital and certain other long-term assets and liabilities in the statement of net assets, and has reported all revenues and the cost of providing services under the accrual basis of accounting in the statement of activities.

GASB Statement No. 34 discontinued the presentation of expendable and nonexpendable trust funds. Net assets and activities formerly accounted for in the nonexpendable trust accounts have been reported as enterprise funds since the activities of these funds are reported on the full accrual basis. The expendable trust funds have been transferred to private purpose trust funds.

Statement No. 36, *Recipient Reporting for Certain Nonexchange Revenues – and Amendment of GASB Statement No. 33*; This statement amends GASB Statement No. 33 with respect to the manner in which shared nonexchange revenues are accounted for by recipient governments. GASB Statement No. 33 was adopted by the City effective October 2000. Implementation of GASB Statement No. 36 did not require the City to restate any amounts.

Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus*; This statement amends GASB Statement No. 34 to either 1.) clarify certain provisions or 2.) modify other provisions that GASB believes may have unintended consequences in some circumstances. Accordingly, the City has considered the effects of this statement when adopting the provisions of GASB Statement No. 34.

Statement No. 38, *Certain Financial Statement Note Disclosures*; This statement modifies, establishes, and rescinds certain financial statement disclosure requirements. Accordingly, the City has revised certain footnote disclosures presented herein to conform to the provisions of GASB Statement No. 38.

Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*; This interpretation clarifies the application of standards for modified accrual recognition of certain liabilities and expenditures in areas where differences have arisen, or could arise, in interpretation and practice. This interpretation impacts the governmental fund level financial statements required by GASB Statement No. 34 but has no direct impact on the government-wide financial statements. The City does not recognize the current portion of certain long-term liabilities and related expenditures in the governmental fund financial statements for amounts not considered to be due and payable as of September 30, 2002.

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Net Assets and Fund Equity

In the government-wide financial statements and proprietary fund financial statements, net assets are reported in three categories: net assets invested in capital assets, net of related debt; restricted net assets and unrestricted net assets. Restricted net assets represent net assets restricted by parties outside of the City (such as creditors, grantors, contributors, laws and regulations of other governments) and include unspent proceeds of bonds issued to acquire or construct capital assets. The nonexpendable portion of permanent fund trusts and endowments is reported as permanently restricted. The City's other restricted net assets are temporarily restricted (ultimately expendable assets). All other net assets are considered unrestricted.

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative City Council actions that are subject to change.

Property Tax Calendar

Under the State Constitution, the property tax rate is limited to 1% of market value, but may be adjusted for specific voter-approved indebtedness. Property taxes are levied by the Los Angeles County (County) Tax Assessor and shared among all other local taxing authorities within the City. Accordingly, the County collects property taxes and distributes such taxes on the basis of the taxing authorities' tax rate percentages, allowing for such adjustments as may be authorized for voter-approved debt. Property taxes are levied on March 1, and are due in two equal installments on the following November 1 and February 1.

The lien date is March 1. The City recognizes property tax revenues on the modified accrual basis of accounting based upon distributions from the County, which occur shortly after the delinquency dates. The City's fiscal year-end of September 30 differs from the June 30 year-end of the County. At year-end the City records revenue and property taxes receivable for the amounts earned from July 1 through September 30, in accordance with generally accepted accounting principles.

Revenue Recognition for Utility Funds

Utility revenues are recorded as billed to customers on a cyclical basis. All customers are billed monthly. Unbilled amounts at year-end are not considered material and are not recognized as revenue.

Employee Benefits and Compensated Absences

Benefits for all City employees are paid from the City's Employee Benefits Internal Service Fund, except for the residual balance of a City-administered Police and Fire Annuity Benefit Program that was terminated in 1945. The Employee Benefits Internal Service Fund is reimbursed through payroll charges to other funds based on estimates of benefits earned. The City's policy is to pay all accumulated vacation and holiday pay when an employee retires or terminates.

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Accumulated sick leave becomes vested only when an employee meets the City's minimum requirements for retirement. At the time of retirement, employees have the option of using the cash value equivalent of accumulated sick leave to continue in the City's health insurance plan or to purchase additional pension benefits from the State of California Public Employees' Retirement System (CalPERS). Accumulated sick leave is forfeited upon termination for reasons other than retirement. The City also contributes up to 32 hours of accumulated sick leave each year to deferred compensation plans for active safety employees who have accumulated in excess of 40 days of sick leave as of January 1 of each calendar year. These deferred compensation contributions are currently funded and remitted to the City's deferred compensation third-party administrators.

The City makes annual contributions in varying amounts to deferred compensation plans for certain employee groups who serve in sensitive, confidential capacities (for example, police and fire receive \$600 per year. All other City employees receive no such benefit. Contributions are made as of January 1 each year.

The City has established an Integral Part Trust (Post Employment Medical Benefits) for police officers. This third-party administered trust provides reimbursements for post retirement medical expenses. For eligible employees, thirty-two hours of accumulated sick leave and excess, unused vacation is converted to dollars using the employees current wage rate and deposited, pre-tax into a trust account maintained in the employees name.

Vacation and holiday benefits are recognized when earned. Sick leave benefits are recognized on a pro-rata basis using an actuarially determined method. (See Note 13).

Budgetary Principles

The City Council adopted the fiscal year 2002 budget prior to September 30, 2001 for all funds except for agency funds. From the effective date of the budget, the amounts stated therein as proposed expenditures become appropriations to the various governmental funds. The City Council may amend the budget by motion during the fiscal year. The City Manager may transfer appropriations within the departments or within a given fund, without City Council approval, provided that the total appropriations at the fund level and at the department level do not change. Transfers of appropriation between funds or departments require City Council approval. Appropriations lapse at the end of the fiscal year to the extent they have not been expended or encumbered.

Budget information is presented in the accompanying basic financial statements for the General, Special Revenue, and Capital Projects funds on a non-GAAP budgetary basis, since appropriations represent budgeted amounts to be expended or encumbered during the period.

Budgeted revenue and expenditure amounts represent the originally budgeted amounts as well as budgeted amounts as modified by adjustments authorized during the year. Total expenditures of each fund may not legally exceed fund appropriations, and total expenditures for each department may not legally exceed departmental appropriations.

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Accounting for Encumbrances

Encumbrances outstanding at year end are not reported as expenditures, but are reported as a reservation of fund balance available for subsequent year expenditures based on the encumbered appropriation authority carried over to the next fiscal year. The City records an encumbrance as a charge against appropriations in the accounting period in which a purchase order is issued, rather than in the accounting period when goods or services are received as required by generally accepted accounting principles. (Adjustments necessary to convert actual expenditures from the modified accrual basis to the budgetary basis are reflected in Note 16).

Estimates

The preparation of the City's basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Governmental Funds

The beginning fund balances in the accompanying basic financial statements have been restated for the General Fund, Housing Development and Community Development Grants, and the General and Redevelopment Capital Projects Funds. The adjustments result from reporting long-term advances from other funds previously recorded in the General Long-Term Obligations Account Group in the Housing Development Fund and Redevelopment Capital Projects Fund as a result of the implementation of GASB Statement No. 34. The fund balance restatement to increase reserved for other noncurrent receivables represents fund balance not available for current obligations since the advance due from other funds has no specified repayment date. Also as a result of GASB Statement No. 34 implementation, the General Capital Projects Fund and the Special Assessment District Capital Projects Fund have been consolidated. (See "Adoption of New Accounting Standards", page 55)

The table below summarizes these restatements, (in thousands):

	General Fund	Housing Development	Community Development Grants	General Capital Projects	Redevelopment Capital Projects	Special Assessment District Capital Projects
Fund Balance at October 1, 2001, as originally stated	\$ 76,960	\$ 26,022	\$ 2,031	\$ 35,891	\$ 82,402	\$ 9,653
Consolidation of funds	-	-	-	9,653	-	(9,653)
Cumulative Adjustment to Record Advances to Other Funds:						
Reserved for Other Noncurrent Receivables	93,310	3,824	4,171	1,877	-	-
Unreserved, Undesignated	-	(4,171)	-	-	(158,678)	-
Fund Balance at October 1, 2001, as restated	<u>\$ 170,270</u>	<u>\$ 25,675</u>	<u>\$ 6,202</u>	<u>\$ 47,421</u>	<u>\$ (76,276)</u>	<u>\$ -</u>

CITY OF LONG BEACH
NOTES TO BASIC FINANCIAL STATEMENTS
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Business-Type Activities:

Under GASB Statement No. 33, internal capital contributions are no longer reported as direct additions to equity, but instead are reflected on the operating statements. Tidelands, Marina, Queen Mary, Rainbow Harbor Area and Harbor proprietary funds, formerly reported as nonexpendable trust funds, reported fund balance net of cumulative contributions in the fiscal year ending September 30, 2001.

The Tidelands, Marina, Queen Mary and Rainbow Harbor Area were consolidated to conform to the City's policy of budgeting as one unit. (See "Adoption of New Accounting Standards", page 55)

The table below summarizes these restatements of beginning net assets for major business-type funds as of October 1, 2001 (in thousands).

	<u>Tidelands</u>	<u>Marina</u>	<u>Queen Mary</u>	<u>Rainbow Harbor Area</u>	<u>Harbor</u>
Total Fund Balance at October 1, 2001, as originally stated	\$ 60,409	\$ 13,651	\$ 12,148	\$ 2,069	\$ 1,367,306
Contributions	108,273	281	-	20,840	64,542
Consolidation of funds	<u>48,989</u>	<u>(13,932)</u>	<u>(12,148)</u>	<u>(22,909)</u>	<u>-</u>
Net Assets at October 1, 2001, as restated	<u>\$ 217,671</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,431,848</u>

Total retained earnings was recorded net of cumulative contributions in the Gas, Water, Sewer, Airport and Solid Waste Management funds as of September 30, 2001.

The table below summarizes these restatements of beginning net assets as of October 1, 2001 (in thousands).

	<u>Major Funds</u>			<u>Nonmajor Funds</u>	
	<u>Gas</u>	<u>Water</u>	<u>Solid Waste Management</u>	<u>Sewer</u>	<u>Airport</u>
Total Retained Earnings at October 1, 2001, as originally stated	\$ 62,346	\$ 162,728	\$ 1,808	\$ 43,245	\$ 5,239
Contributions	<u>9,759</u>	<u>19,892</u>	<u>6,000</u>	<u>1,337</u>	<u>17,936</u>
Net Assets at October 1, 2001, as restated	<u>\$ 72,105</u>	<u>\$ 182,620</u>	<u>\$ 7,808</u>	<u>\$ 44,582</u>	<u>\$ 23,175</u>

CITY OF LONG BEACH
NOTES TO BASIC FINANCIAL STATEMENTS
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Government-Wide

The impact of GASB 34 on the City's accounting and financial reporting practices was to report the residual balances of certain internal activities within the net assets of governmental activities, report all long-term assets, including capital assets, and liabilities in the statement of net assets, and report all revenues and the cost of providing services under the accrual basis of accounting in the statement of activities.

These adjustments are summarized in the table below (in thousands):

	Governmental Activities
Net Assets:	
Fund Balance at September 30, 2001, as previously reported	
Governmental Fund Types:	
General	\$ 76,960
Special Revenue	63,985
Capital Projects	127,946
Total Fund Balance as previously reported	<u>268,891</u>
Restatement of Fund Balance (Deficit)	
General	93,310
Housing Development	(347)
Community Development Grants	4,171
General Capital Projects	1,877
Redevelopment Capital Projects	(158,678)
Total Fund Balance Restatements	<u>(59,667)</u>
Fund Balance at September 30, 2001, as Restated	<u>209,224</u>
GASB Statement No. 34 Adjustments:	
Additions of:	
Beginning residual balances from internal activities accounted for as	
Internal Service Funds as restated for contributions	<u>45,249</u>
Capital Assets:	
General Fixed Asset Account Group, as previously reported	309,524
Add Streets, Sidewalks, Curbs and Gutters	241,421
Add Infrastructure Construction in Progress	26,353
Less Accumulated Depreciation	184,063
Total Net Capital Assets as of September 30, 2001	<u>393,235</u>
Recognition of Revenue that does not provide current financial	
resources that are Deferred Revenue in the Fund Statements	<u>1,321</u>
Reduction of deferred credits offsetting long-term receivable	
in fund financial statements	<u>52,104</u>
Less:	
Long Term Liabilities:	
General Long-Term Obligations Account Group as previously reported	409,422
Less Long-Term Advances to Other Funds Reported in Fund Financials	(162,849)
Total Long-Term Liabilities as of September 30, 2001	<u>246,573</u>
Accrued Interest	<u>3,917</u>
Total Additions	<u>241,419</u>
Net Assets as of September 30, 2001	<u>\$ 450,643</u>

CITY OF LONG BEACH
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NOTE 3 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Assets

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net assets – governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of such \$342,936,000 difference are as follows (in thousands):

Bonds Payable (Note 9)	\$ 231,100
Plus: Issuance premium (to be amortized as a reduction of interest Expense)	2,123
Notes, Certificates of Participation, Commercial Paper and Other Long-Term Obligations	69,252
Capital lease payable	38,778
Accrued interest payable	5,468
Less: Deferred charge for issuance costs (to be amortized over life of debt)	<u>(3,785)</u>
Net adjustment to reduce fund balance – total governmental funds to arrive at net assets – governmental activities	<u>\$ 342,936</u>

Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. Various elements of this reconciliation are explained below. Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The details of such \$37,169,000 difference are as follows (in thousands):

Capital outlay	\$ 52,709
Depreciation expense	<u>(15,540)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 37,169</u>

CITY OF LONG BEACH
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The issuance of long-term debt (for example, bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The details of such \$88,101,000 difference are as follows (in thousands):

Debt issued or incurred:	
Issuance of revenue bonds	\$ 118,630
Plus premium and less issuance cost	(1,672)
Issuance of notes, certificates of participation, commercial paper and other long-term obligations	3,259
Capital leases	17,125
Principal repayments:	
Revenue obligation debt	(2,855)
Notes, certificates of participation, commercial paper and other long-term obligations	(10,788)
Police and Fire Benefits Paid	(6,437)
Capital leases	(718)
Payment to escrow agent for refunding	(22,395)
Other	<u>(6,048)</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ (88,101)</u>

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. The details of such \$4,345,000 difference are as follows (in thousands):

Increase in liability for police and fire benefits	\$ (2,758)
Accrued interest	(1,575)
Amortization of premium	22
Amortization of issuance cost	<u>(34)</u>
Net adjustment	<u>\$ (4,345)</u>

The net revenues of certain activities of internal service funds are reported with governmental activities. The details of this \$16,144,000 difference are as follows (in thousands):

Change in net assets as reported in the internal service funds	\$ (20,802)
Activities of internal service funds related to enterprise funds are allocated to business-type activities, resulting in a negative internal balance in governmental activities	<u>4,658</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ (16,144)</u>

**CITY OF LONG BEACH
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2002**

NOTE 4 – CASH AND INVESTMENTS

The City maintains a general cash and investment pool for the purpose of maximizing investment returns for most funds except those required to be held by outside fiscal agents. The City's cash and investments pool operates essentially as a demand deposit account for the various funds, and interest income earned on pooled cash and investments is allocated monthly to the funds based on their average daily cash balance. The portion of this pool for each fund type is displayed in the accompanying Statement of Net Assets under the caption entitled "Pooled Cash and Cash Equivalents".

In addition, several of the City's funds are required to maintain separate monies and investments that are held by independent trustees or fiscal agents. These funds are generally pledged to the payment of project costs or security of certain outstanding bonds and certificates of participation. Monies held by these parties, unless otherwise required by statute, may be invested in accordance with the provisions of the enabling ordinances, resolutions or indentures specifying the types of investments the City's trustees or fiscal agents may make. Such ordinances, resolutions, and indentures are generally more restrictive than the City's general investment policy. The City's trustees invest in specified Federally backed securities, but money may also be temporarily invested in money-market securities. Trustees are not permitted to make investments that are prohibited by the City's general investment policy. Such investments are generally scheduled to mature as cash is needed to fulfill the purposes of the underlying trust agreements. At September 30, 2002, cash with fiscal agents totaled \$264,010,000.

The City's bank reported an overdraft of (\$5,609,000) at September 30, 2002 due to deposits in transit. Deposits at the bank are covered by appropriate Federal insurance, or are collateralized under the California Government Code, which requires California financial institutions to secure a City's deposits by pledging as collateral government securities with a fair value of at least 110% of the City's deposits. At September 30, 2002 the City reported deposits at a fair value of \$7,557,000 net of outstanding checks of \$6,595,000 and deposits in transit of \$19,761,000.

The City is authorized to invest in obligations issued or guaranteed by the Federal Government, its agencies and instrumentalities, as well as in commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record, bankers' acceptances, repurchase agreements, reverse repurchase agreements, bank certificates of deposit, the State Treasurer's Local Agency Investment Fund and shares of beneficial interest (mutual funds) issued by diversified management companies.

The City's cash deposits and investments at September 30, 2002 are categorized by maturity date and by the level of custodial credit risk assumed by the City. The risk categories are defined as follows:

Category 1: includes cash deposits which are insured or collateralized with securities held by the City or by its agent in the City's name and investments that are insured or registered or for which the securities are held by the City or its agent in the City's name.

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Category 2: includes cash deposits that are collateralized with securities held by the pledging financial institution's trust department or agent in the City's name and uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the City's name.

Category 3: includes cash deposits that are uncollateralized (this includes any bank balance that is collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the City's name) and uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the City's name. At September 30, 2002, the City held no category 3 type investments.

Not required to be categorized: Investments in pools managed by other governments, mutual funds, or in guaranteed investment contracts.

At September 30, 2002, the City had \$122,432,000 deposited in the California State Treasurer's Local Agency Investment Fund (LAIF), a non-SEC registered, government-sponsored external investment pool. LAIF is a voluntary program established under Section 16429.1-3 of the California Government Code.

LAIF is part of the State of California Pooled Money Investment Account (PMIA) and has oversight provided by the Pooled Money Investment Board (PMIB) and an internal Investment Committee. The PMIB Board members are the State Treasurer, Director of Finance and the State Controller. Additionally, LAIF is subjected to oversight by the Local Investment Advisory Board (LIAB), which consists of five members, as designated by statute. The LIAB's Chairman is the State Treasurer, who appoints the other four members to two-year terms.

Component Unit

The Long Beach Transportation Company (LBT) bank deposits are either entirely covered by appropriate Federal insurance or are collateralized in accordance with provisions of the California Government Code, which requires California financial institutions to secure a public agency's deposits by pledging as collateral government securities with a market value of at least 110% of the Company's deposits.

The LBT's bank reported \$992,000 in deposits at June 30, 2002. The LBT report cash and cash deposits at \$8,000 with the difference representing outstanding checks.

The LBT is authorized to participate in investments in obligations issued or guaranteed by the Federal Government and its agencies and instrumentalities, high-quality commercial paper with a rating of A1 by Standard and Poor's Corporation or P1 by Moody's Commercial Paper Record, bankers' acceptances, repurchase agreements, bank certificates of deposit, the State Treasurer's Local Agency Investment Fund and shares of beneficial interest (mutual funds) issued by diversified management companies.

LBT management has determined that the differences between fair value and the amortized cost basis of the LBT investments at June 30, 2002 are immaterial.

CITY OF LONG BEACH
NOTES TO BASIC FINANCIAL STATEMENTS
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In accordance with GASB Statement 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools", the accompanying basic financial statements reflect the fair value of the City's investments. The fair value of the City's investments is determined annually and is based upon current market prices. Fair value may also be affected by other external factors such as changing interest rates. For example, increasing interest rates could cause fair value to decline below original cost. The fair value of the City's cash deposits and investments at September 30, 2002 are categorized by maturity date and by level of risk in the following table (in thousands):

	Primary Government					Component Unit	
	Maturity Period						
	Within 1 Year	1 to 3 Years	3 to 5 Years	Over 5 Years	Indeterminate	Fair Value	Fair Value
<u>Risk Category 1:</u>							
Cash In Bank	\$ 200	\$ -	\$ -	\$ -	\$ -	\$ 200	\$ 8
U.S. Government Securities	41,525	39,920	-	-	-	81,445	-
U.S. Government Agency Securities	59,741	466,211	236,746	-	-	762,698	-
Negotiable Certificates of Deposit	20,002	-	-	-	-	20,002	-
Medium Term Corporate Notes	5,040	42,621	6,997	-	-	54,658	-
Commercial Paper	79,808	-	-	-	-	79,808	-
Assessment Bonds	-	-	-	4,685	-	4,685	-
Municipal Bonds	-	214	-	3,178	-	3,392	-
Total Risk Category 1	206,316	548,966	243,743	7,863	-	1,006,888	8
<u>Risk Category 2:</u>							
Cash In Bank - Collateralized Repurchase Agreement	7,357	-	-	-	-	7,357	-
Funds Held by Fiscal Agents, Consisting Primarily of Federally Backed Securities	-	-	-	-	264,010	264,010	-
Total Risk Category 2	7,357	-	-	-	264,010	271,367	346
<u>Investments Not Required to Be Categorized:</u>							
State and Local Agency Investment Pool	122,432	-	-	-	-	122,432	20,110
Guaranteed Investment Contracts	-	-	-	17,028	-	17,028	-
Total Investments Not Required to Be Categorized	122,432	-	-	17,028	-	139,460	20,110
Total Cash and Investments	<u>\$ 336,105</u>	<u>\$ 548,966</u>	<u>\$ 243,743</u>	<u>\$ 24,891</u>	<u>\$ 264,010</u>	<u>\$ 1,417,715</u>	<u>\$ 20,464</u>

CITY OF LONG BEACH
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A reconciliation of the cash, cash equivalents and investments between the basic financial statements and the fair value of the investment portfolio at September 30, 2002 is as follows (in thousands):

	Primary Government				Component Unit
	Governmental Activities	Business-type Activities	Fiduciary Funds	Total	
Pooled Cash and Cash Equivalents	\$ 299,756	\$ 398,683	\$ 7,634	\$ 706,073	\$ -
Non-Pooled Cash and Cash Equivalents	130,909	30,111	11,501	172,521	11,444
Restricted Assets:					
Pooled Cash and Cash Equivalents	9,454	425,374	-	434,828	-
Non-Pooled Cash and Cash Equivalents	22,513	51,594	966	75,073	9,020
Non-Pooled Investment	-	38,023	-	38,023	-
Total Deposits and Investments	<u>\$ 462,632</u>	<u>\$ 943,785</u>	<u>\$ 20,101</u>	1,426,518	20,464
Imprest Cash on Hand in Pooled Cash and Cash Equivalents				(625)	-
Adjustment for Accrued Interest Receivable included above				<u>(8,178)</u>	-
Total Cash and Cash Equivalents				<u>\$ 1,417,715</u>	<u>\$ 20,464</u>

Non-pooled cash, cash equivalents and investments are invested in accordance with the City's general investment policy and applicable debt agreements.

GASB 31

Statement No. 31 of the Governmental Accounting Standards Board, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools" (GASB No. 31), requires that certain investments and external investment pools be reported at fair value. At September 30, 2002, the effect of valuating the City's investments at fair value did not have a material impact on its financial position.

Securities Lending

The City did not engage in any securities lending programs for the fiscal years ended September 30, 2002. Accordingly, in accordance with GASB No. 28, no assets or liabilities have been recorded in the accompanying financial statements.

However, from time to time, the City engages in limited securities-lending activities. These activities are governed by formal agreement with the City's contract bank. This agreement limits the nature and amount of the transactions, and provides for full collateralization of each transaction.

CITY OF LONG BEACH
NOTES TO BASIC FINANCIAL STATEMENTS
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NOTE 5 – RECEIVABLES

Receivables at September 30, 2002 for the City's individual major funds, and nonmajor and internal service funds in the aggregate, including applicable allowances for uncollectible accounts, are as follows (in thousands). All receivables are expected to be collected within one year, except for delinquent property taxes.

	General	Housing Development	Community Development Grants	General Capital Projects	Redevelopment Capital Projects	Nonmajor Governmental Funds	Internal Service Funds	Total
Governmental Activities:								
Receivables:								
Interest	\$ 21	\$ 4	\$ -	\$ -	\$ 336	\$ -	\$ -	\$ 361
Taxes	8,161	-	-	-	-	-	-	8,161
Accounts	11,303	-	-	-	412	1,865	942	14,522
Notes and Loans	2,413	-	-	-	-	-	-	2,413
Due from Other								
Governments	19,406	-	5,145	4,937	-	8,054	5,986	43,528
Gross Receivables	41,304	4	5,145	4,937	748	9,919	6,928	68,985
Less Allowance for								
Uncollectibles	(9,307)	-	-	-	-	(407)	(142)	(9,856)
Net Receivables	<u>\$ 31,997</u>	<u>\$ 4</u>	<u>\$ 5,145</u>	<u>\$ 4,937</u>	<u>\$ 748</u>	<u>\$ 9,512</u>	<u>\$ 6,786</u>	<u>\$ 59,129</u>
	Gas	Water	Solid Waste Management	Tidelands	Tideland Oil Revenue	Harbor	Nonmajor Proprietary Funds	Total
Business-Type Activities:								
Receivables:								
Interest, Unrestricted	\$ -	\$ -	\$ -	\$ 105	\$ -	\$ 313	\$ -	\$ 418
Interest, Restricted	-	-	-	242	-	-	511	753
Accounts	2,511	4,420	8,239	1,560	26,350	28,059	1,969	73,108
Capital Lease-current	-	-	-	264	-	-	-	264
Due from Other								
Governments	-	-	431	1,331	304	5,089	425	7,580
Gross Receivables	2,511	4,420	8,670	3,502	26,654	33,461	2,905	82,123
Less Allowance for								
Uncollectibles	(461)	(325)	(187)	(86)	-	(858)	(291)	(2,208)
Net Receivables	<u>\$ 2,050</u>	<u>\$ 4,095</u>	<u>\$ 8,483</u>	<u>\$ 3,416</u>	<u>\$ 26,654</u>	<u>\$ 32,603</u>	<u>\$ 2,614</u>	<u>\$ 79,915</u>

CITY OF LONG BEACH
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2002

NOTE 6 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of September 30, 2002 is as follows (in thousands):

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
<u>Due to / from Other Funds:</u>		
General	Redevelopment Capital Projects	\$ 4,882
	Nonmajor Governmental Funds	750
Subtotal - General Fund		<u>5,632</u>
General Capital Projects	Community Development Grants	431
Redevelopment Capital Projects	Internal Service Funds	7
Gas	Tidelands	578
Tidelands	Harbor	8,677
Harbor	Redevelopment Capital Projects	12,164
Internal Service Funds	General	1,182
	Housing Development	4
	Community Development Grants	18
	General Capital Projects	21
	Redevelopment Capital Projects	7
	Nonmajor Governmental Funds	132
	Gas	60
	Water	92
	Solid Waste Management	47
	Tidelands	61
	Tidelands Oil Revenue	20
	Harbor	204
	Nonmajor Business-type Funds	53
	Internal Service Funds	145
Subtotal Internal Service Funds		<u>2,046</u>
Total Due to / from Other Funds		<u>29,535</u>
<u>Advances from / to Other Funds:</u>		
General	Redevelopment Capital Projects	90,370
	Nonmajor Governmental Funds	2,000
	Nonmajor Business-type Funds	2,883
Subtotal - General Fund		<u>95,253</u>
Housing Development	Redevelopment Capital Projects	21,682
Community Development Grants	Housing Development	4,467
General Capital Projects	Redevelopment Capital Projects	1,877
Redevelopment Capital Projects	Tidelands	1,968
Gas	Tidelands	7,545
Harbor	Redevelopment Capital Projects	27,435
Total Advances from / to Other Funds		<u>160,227</u>
Total Interfund Balances Entity Wide		189,762
Less Amounts Eliminated on the Entity-Wide Basis		<u>(160,209)</u>
Entity-Wide Internal Balances		<u>\$ 29,553</u>

CITY OF LONG BEACH
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Due To / Due From Other Funds

At year-end the Redevelopment Capital Projects Fund owes the General Fund \$4,882,000 for an interim loan to fund estimated Redevelopment Agency operating costs. This will be paid in the next fiscal year as tax increment revenues are received.

The General Fund has advanced cash in the amount of \$750,000 to the Special Advertising and Promotion Special Revenue Fund to cover City promotional costs incurred prior to the receipt of the transient occupancy taxes.

The City, by authority of the City Charter Chapter XII, Section 1209(c)(4), and with the approval of the Board of Harbor Commissioners adopted a resolution to transfer 10%, or \$8,677,000, of the Harbor Fund net income for fiscal year 2001 to the City's Tidelands Fund. This amount is recorded as a due to the General Fund and due from the Harbor Fund and will be paid quarterly in fiscal year 2003.

The Redevelopment Agency (Agency) entered into an agreement with the Port of Long Beach (Port) for construction costs related to improvements in the Port's North Harbor District, which is located in the Agency's West Long Beach Industrial Redevelopment Project Area. Under the agreement, costs related to the improvements will be reimbursed by the Agency up to \$30,000,000, subject to a maximum annual amount of \$2,500,000. In October 1997, the agreement was amended to defer the payment to October 1, 1998 at the maximum annual amount of \$2,500,000. In November 1998, the agreement was further amended to allow quarterly payments in the amount of \$450,000 for a maximum annual amount of \$1,800,000 for the fiscal year ending September 30, 2000. Further amendments required quarterly payments of \$625,000 until April 1, 2006. During the fiscal year ended September 30, 2000 only \$1,250,000 was paid to the Port. In April 2001, the agreement was again amended, and required the Agency to pay the Port the total available funds generated in the previous fiscal year or specified minimum payments for each fiscal year. Available funds are the total revenues received by the Agency on behalf of the West Long Beach Industrial Project Area, less permitted expenditures. The minimum amount paid in the prior fiscal year was \$500,000 and \$1,083,000 was paid in the current fiscal year. An Acknowledgement of Payment in Full of Reimbursement Obligation and Disposition of Funds regarding the Amended and Restated Cooperation Agreement was signed in November 2002 that provided full payment of the debt from future bond proceeds for \$12,164,000. At September 30, 2002, the net unreimbursed expenditures made by the Port on behalf of the Agency of \$12,164,000 have been recorded as an advance payable in the Redevelopment Agency Capital Projects Fund and the corresponding receivable in the Harbor Fund.

Employee Benefit overhead costs, such as funding for health benefits and paid time off, relating to the wages and salaries accrued at September 30, 2002 are payable from various funds to the Employee Benefits Internal Service Fund in the amount of \$2,046,000 at September 30, 2002.

**CITY OF LONG BEACH
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2002**

Advances from Other Funds

Advances to/from other funds have been recorded for amounts which will be repaid usually with interest over an extended period of time.

From 1974 to 2002, the City provided the Redevelopment Agency (the Agency) with certain Federal grant monies for use on redevelopment projects. The Agency makes discretionary payments to the City annually, which in fiscal year 2002 amounted to approximately \$3,333,000. At September 30, 2002, the outstanding balances of these transfers approximated \$90,370,000, \$4,020,000 and \$1,877,000 in the General Fund, Housing Development Special Revenue Fund, and General Capital Projects Fund, respectively, with the latter being for land acquisition and planning and engineering services provided by the City. It is the intent of the City and the Agency that the Agency repay these transfers as future property tax increment revenues permit. Due to the long-term nature of repayment, the City has reserved these interfund receivables in the General Fund, Housing Development Special Revenue Fund and General Capital Projects Fund as fund balance reserved for noncurrent receivables.

The Agency has entered into a financing agreement with the Port of Long Beach (Harbor Fund), under which the Agency was advanced \$30,000,000 for the expansion of the Long Beach Convention and Entertainment Center. A payment of \$1,765,000 was made on the note by the Agency in November 1998. An amendment deferred payments to be made in quarterly installments of \$441,000 over 16 years, beginning in 2002. At September 30, 2002, the balance of this advance is \$27,435,000. The note is payable solely from transient occupancy taxes levied in the Redevelopment Downtown Project area. The repayment to the Port is subordinated to a pledge to fund payments of the Aquarium of the Pacific Project 2001 bond issue in the event that the Aquarium revenues do not cover debt service payments. This advance is reported in the Redevelopment Capital Projects Fund and the corresponding receivable is reported in the Harbor Fund.

California Redevelopment law requires that 20% of annual net tax increment revenues be set aside for low and moderate income housing. The law allows a deferral of such set aside under certain circumstances. In December, 1995 the Agency adopted a Downtown Project Area Housing Fund Deficit Reduction Plan that called for an analysis of available tax increment and existing obligations beginning in 2010 and every two years thereafter until reduction of the deferred debt is found feasible and commences. For the West Beach Project Area, the Agency paid in full the deferred set aside of \$938,000 from proceeds of tax allocation bonds in the current fiscal year. The resulting interfund receivable and offsetting non-current receivable reserved fund balance aggregating \$17,662,000 have been recorded as advances to/from other funds in the Housing Development Special Revenue Fund and the Redevelopment Agency Capital Projects Fund, respectively for the Downtown Project Area.

In the fiscal year 2000, the Housing Development Company (Company) entered into a zero interest loan agreement for \$805,000 with the City for the acquisition of an 8-unit apartment building. The building will be converted into a 4-unit condominium complex and sold to low-income, first-time home buyers. The Company shall make the principal payments using one hundred percent (100%) of the proceeds from the sales of the reconfigured units. Any remaining balance of the promissory note will be forgiven after all

CITY OF LONG BEACH
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units are sold. As of September 30, 2002 the City has advanced the Company \$780,000 recorded as advances to/from other funds in the Community Development Grants Special Revenue Fund and the Redevelopment Capital Projects Fund, respectively.

During the current fiscal year, the Company entered into a \$4,000,000 Home grant funds zero interest loan agreement with the City for the acquisition of twenty-six parcels of land, each with a four-plex apartment building, for the Grisham project. Twenty-three parcels were sold to the developer during the fiscal year for the purpose of rehabilitating the properties for affordable rental housing for low and very low-income residents. The Company shall make the principal payments to the City using 25% of the proceeds from repayments of promissory notes from the developer. Any remaining balance of the promissory note owed on April 1, 2034 shall be immediately due and payable. As of September 30, 2002 the City has advanced the Company \$3,687,000, net of a loan repayment of \$16,000, which is recorded as advances to/from other funds in the Community Development Grants Special Revenue Fund and the Redevelopment Capital Projects Fund, respectively.

In November 1993 the City issued \$13,490,000 in Gas Utility bonds with interest rates ranging from 2.6% to 5.125% to construct an energy plant adjacent to the Long Beach Convention and Entertainment Center. The Gas Revenue Fund debt due in 2013 is funded, payable by an annual payment from the Tidelands Fund in an amount necessary to cover the debt service requirements with respect to the Gas Utility Bonds. The long-term amount due at September 30, 2002 is \$7,545,000. The current amount due in fiscal year 2003 is \$578,000.

The General Fund has advanced the Health Special Revenue Fund \$2 million to cover cash flow. This debt has no anticipated repayment date.

The Airport Enterprise Fund reimburses the General Fund for City services provided within the Airport area by the General Fund, including police and fire services. The Airport was not able to pay for certain costs in previous years due to a decline in flights and revenues. The amount due has been recorded as a long-term advance payable in the amount of \$2,883,000 at September 30, 2002. The amount increased \$676,000 in fiscal year 2002. The repayment schedule will be contingent on the Airport increasing flights in and out of the Long Beach Airport.

In fiscal year 2002, the Redevelopment Agency Capital Projects Fund advanced \$1,924,000 to the Tidelands Fund. Such monies arose from transient occupancy taxes. According to the Owner Participation Agreement by and among the Redevelopment Agency of the City of Long Beach, Long Beach Bond Finance Authority and the Aquarium of the Pacific, all Redevelopment Agency Fund transient occupancy taxes are pledged to fund the debt service payments of the Lease Revenue Refunding Bonds (Aquarium of the Pacific Project) Series 2001 if needed. The Redevelopment Agency shall be reimbursed for any such advance together with interest, at a rate of interest equal to the rate earned on the City Treasurer's Investment Pool as monies are available. Interest in the amount of \$44,000 has been accrued for fiscal year 2002.

CITY OF LONG BEACH
NOTES TO BASIC FINANCIAL STATEMENTS
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Interfund Transfers

The City regularly transfers current financial resources from one fund to another. At September 30, 2002 interfund transfers are as follows (in thousands):

	Transfers Out:						Total Transfers Out
	General	Community Develop- ment Grants	General Capital Projects	Redevelop- ment Capital Projects	Nonmajor Govern- mental Funds	Tidelands	
Transfers In:							
General	\$ -	\$ -	\$ 9,035	\$ -	\$ 8,046	\$ -	\$ 17,081
Housing Development	-	44	-	147	-	-	191
Community Development Grants	-	-	588	15	-	-	603
General Capital Projects	2,462	-	-	-	252	-	2,714
Redevelopment Capital Projects	-	-	-	-	1,867	2,424	4,291
Nonmajor Governmental	10,223	-	1,300	-	-	110	11,633
Gas	7,851	-	-	-	-	-	7,851
Tideland Oil Revenue	-	-	-	-	-	3,493	3,493
Harbor	-	-	-	-	-	8,677	8,677
Internal Service Funds	7,276	-	-	-	-	-	7,276
Total Transfers In	<u>\$ 27,812</u>	<u>\$ 44</u>	<u>\$ 10,923</u>	<u>\$ 162</u>	<u>\$ 10,165</u>	<u>\$ 14,704</u>	<u>\$ 63,810</u>

The significant transfers include:

The General Fund transferred \$9,035,000 to the Capital Projects Fund for ongoing projects such as City street construction, ADA modifications and City building improvements, maintenance and repairs.

The General Fund received \$7,506,000 in Motor Vehicle License fees committed to health care services under Assembly Bill 1288. These were transferred to the Health Special Revenue Fund to fund costs associated with the City's Health Department.

The Gas Fund transferred \$7,500,000 to the General Fund and \$351,000 to partially fund the City's municipal band.

The Upland Oil Special Revenue Nonmajor Fund transferred \$3,321,000 to the General Fund from royalties on oil drilled on City land.

The Gas Tax Special Revenue Nonmajor Fund transferred \$6,895,000 to the General Fund as reimbursement for allowable street costs incurred in the General Fund.

The Redevelopment Agency Capital Projects Fund transferred \$500,000 to the Tidelands Fund to partially fund the Convention Center energy plant and \$1,924,000 from transient occupancy taxes to partially fund the Aquarium of the Pacific debt according to an agreement with the City and the Redevelopment Agency.

The Harbor Fund accrued an operating transfer of \$8,677,000 due to the Tidelands Fund as allowed in the City Charter.

CITY OF LONG BEACH
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The Tidelands Oil Revenue Fund shares revenue from the tidelands oil operation under an optimized flood program. In fiscal year 2002, \$3,493,000 was transferred to the Tidelands Fund from the Tidelands Oil Revenue Fund under this program.

Internal Service Fund transfers also reflect cable franchise fee revenue from the General Services Internal Service Fund and unexpended surplus in the Employee Benefits Internal Service Fund which have been transferred to the General Fund.

NOTE 7 – CAPITAL ASSETS

Capital Asset activity for the year ended September 30, 2002 is as follows (in thousands):

<u>Governmental Activities:</u>	<u>Balance at October 1, 2001, as Restated</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance at September 30, 2002</u>
Capital Assets, not being Depreciated:				
Land	\$ 112,923	\$ 2,946	\$ (1,487)	\$ 114,382
Right of way	134	-	-	134
Construction In Progress	70,818	66,288	(6,108)	130,998
Total Capital Assets not being Depreciated	<u>183,875</u>	<u>69,234</u>	<u>(7,595)</u>	<u>245,514</u>
Capital Assets, being Depreciated:				
Buildings	150,379	25	(590)	149,814
Improvements Other than Buildings	29,863	4,008	(609)	33,262
Infrastructure	269,528	-	-	269,528
Machinery and Equipment	45,947	3,983	(648)	49,282
Automotive	74,600	4,506	(8,307)	70,799
Other Assets	30,719	-	-	30,719
Total Capital Assets being Depreciated	<u>601,036</u>	<u>12,522</u>	<u>(10,154)</u>	<u>603,404</u>
Less Accumulated Depreciation for:				
Buildings	(45,422)	(4,745)	516	(49,651)
Improvements Other than Buildings	(10,500)	(1,873)	351	(12,022)
Infrastructure	(133,225)	(8,029)	-	(141,254)
Machinery and Equipment	(31,185)	(6,241)	617	(36,809)
Automotive	(45,043)	(6,129)	8,250	(42,922)
Other Assets	(19,361)	(1,420)	-	(20,781)
Total Accumulated Depreciation	<u>(284,736)</u>	<u>(28,437)</u>	<u>9,734</u>	<u>(303,439)</u>
Total Capital Assets being Depreciated, Net	<u>316,300</u>	<u>(15,915)</u>	<u>(420)</u>	<u>299,965</u>
Governmental Activities Capital Assets, Net	<u>\$ 500,175</u>	<u>\$ 53,319</u>	<u>\$ (8,015)</u>	<u>\$ 545,479</u>

CITY OF LONG BEACH
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2002

Depreciation has been charged to functions/programs of governmental activities as follows (in thousands):

Legislative and Legal	\$ 7
General Government	202
Public Safety	1,822
Public Health	236
Community and Cultural	5,654
Public Works	7,620
Capital Assets held by City's internal services funds allocated to various functions on a prorated basis based on their usage of the assets	<u>12,896</u>
	<u><u>\$ 28,437</u></u>

Capital Asset activity for business-type activities for the year ended September 30, 2002 is as follows (in thousands):

Business-type Activities:	Balance at October 1, 2001, as Restated	Increase	Decrease	Balance at September 30, 2002
Capital Assets, not being Depreciated:				
Land	\$ 860,235	\$ 17,229	\$ (24,376)	\$ 853,088
Right-a-way	208,055	9	(555)	207,509
Construction In Progress	391,412	333,562	(530,080)	194,894
Total Capital Assets not being Depreciated	<u>1,459,702</u>	<u>350,800</u>	<u>(555,011)</u>	<u>1,255,491</u>
Capital Assets, being Depreciated:				
Buildings	1,342,689	453,804	(40,568)	1,755,925
Improvements other than Buildings	278,450	8,767	-	287,217
Infrastructure	815,983	40,413	(1,210)	855,186
Machinery and Equipment	23,093	576	(4,294)	19,375
Automotive	20,709	948	(868)	20,789
Total Capital Assets being Depreciated	<u>2,480,924</u>	<u>504,508</u>	<u>(46,940)</u>	<u>2,938,492</u>
Less Accumulated Depreciation for:				
Buildings	(520,981)	(50,059)	12,507	(558,533)
Improvements other than Buildings	(151,287)	(7,705)	-	(158,992)
Infrastructure	(411,798)	(25,505)	545	(436,758)
Machinery and Equipment	(16,275)	(2,172)	4,175	(14,272)
Automotive	(14,221)	(715)	787	(14,149)
Total Accumulated Depreciation	<u>(1,114,562)</u>	<u>(86,156)</u>	<u>18,014</u>	<u>(1,182,704)</u>
Total Capital Assets being Depreciated, Net	<u>1,366,362</u>	<u>418,352</u>	<u>(28,926)</u>	<u>1,755,788</u>
Business-type Activities Capital Assets, Net	<u><u>\$ 2,826,064</u></u>	<u><u>\$ 769,152</u></u>	<u><u>\$ (583,937)</u></u>	<u><u>\$ 3,011,279</u></u>

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Depreciation has been charged to functions/programs of business-type activities as follows (in thousands):

Gas	\$	3,185
Water		7,748
Sewer		1,171
Airport		1,996
Solid Waste Management		4,919
Towing		15
Tidelands		14,095
Harbor		53,027
	<u>\$</u>	<u>86,156</u>

Capitalization of Interest

The City capitalized net interest expense of \$16,819,000 in its Harbor Fund in fiscal year 2002. Total interest expense incurred for the Harbor Fund was \$54,839,000 in fiscal year 2002.

Component Unit

Capital asset activity of the LBT for the year ended June 30, 2002 was as follows (in thousands):

	Balance at July 1, 2001	Increases	Decreases	Balance at June 30, 2002
Capital Assets, not being Depreciated:				
Land	\$ 5,525	\$ -	\$ -	\$ 5,525
Construction in Progress	923	1,660	-	2,583
Total Capital Assets not being Depreciated	<u>6,448</u>	<u>1,660</u>	<u>-</u>	<u>8,108</u>
Capital Assets, being Depreciated:				
Buildings and Improvements	28,900	921	-	29,821
Fleet	68,342	6,603	(6,354)	68,591
Communications Systems	2,247	28	-	2,275
Fare Collection System	1,659	1	-	1,660
Office, Shop and Garage Equipment	8,535	4,076	(32)	12,579
Passenger Facilities	1,054	420	(72)	1,402
Total Capital Assets being Depreciated:	<u>110,737</u>	<u>12,049</u>	<u>(6,458)</u>	<u>116,328</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	(9,858)	(1,275)	-	(11,133)
Fleet	(34,118)	(8,021)	5,704	(36,435)
Communications Systems	(2,005)	(74)	-	(2,079)
Fare Collection System	(1,244)	(91)	-	(1,335)
Office, Shop and Garage Equipment	(5,951)	(1,180)	26	(7,105)
Passenger Facilities	(299)	(274)	72	(501)
Total Accumulated Depreciation	<u>(53,475)</u>	<u>(10,915)</u>	<u>5,802</u>	<u>(58,588)</u>
Total Capital Assets being Depreciated, Net	<u>57,262</u>	<u>1,134</u>	<u>(656)</u>	<u>57,740</u>
Total LBT Capital Assets, Net	<u>\$ 63,710</u>	<u>\$ 2,794</u>	<u>\$ (656)</u>	<u>\$ 65,848</u>

CITY OF LONG BEACH
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NOTE 8 – CHANGE IN LONG – TERM LIABILITIES

Long-term liability activity for the year ended September 30, 2002, was as follows (in thousands):

	Balance at October 1, 2001	Additions	Reductions	Balance at September 30, 2002	Due Within One Year
Governmental Activities:					
Bonds Payable					
Revenue Bonds	\$ 191,085	\$ 128,865	\$ (76,575)	\$ 243,375	\$ 5,800
Tax Allocation Bonds	121,480	77,715	(25,135)	174,060	3,570
Plus (less) deferred amounts:					
Premium	-	2,142	(22)	2,120	-
Discount	(2,330)	-	319	(2,011)	-
Refunding	(1,295)	(14,279)	254	(15,320)	-
Issuance Cost	(3,124)	(5,244)	1,532	(6,836)	-
Total Bonds Payable	305,816	189,199	(99,627)	395,388	9,370
Notes Payable	31,160	3,285	(16,836)	17,609	1,216
Capital Leases	30,421	19,649	(4,391)	45,679	6,742
Police and Fire	51,222	2,758	(6,437)	47,543	-
Arbitrage Payable	513	-	-	513	-
Estimated Oil Field Abandonment Costs	4,100	-	-	4,100	-
Accrued Self-Insured Claims	69,178	32,538	(15,875)	85,841	20,170
Employee Benefits	52,879	4,977	(3,461)	54,395	4,327
Governmental Activities Long-Term Liabilities	<u>\$ 545,289</u>	<u>\$ 252,406</u>	<u>\$ (146,627)</u>	<u>\$ 651,068</u>	<u>\$ 41,825</u>
Business-Type Activities:					
Bonds Payable					
Revenue Bonds	\$ 1,308,845	\$ 300,000	\$ (26,665)	\$ 1,582,180	\$ 39,380
Plus (less) deferred amounts:					
Premium	13,748	8,778	(801)	21,725	-
Discount	(6,471)	-	331	(6,140)	-
Refunding	(19,590)	-	1,270	(18,320)	-
Issuance Cost	(13,478)	(2,943)	809	(15,612)	-
Total Bonds Payable	1,283,054	305,835	(25,056)	1,563,833	39,380
Certificates of Participation	18,620	-	(835)	17,785	880
Discount	(397)	-	35	(362)	-
Refunding	(1,017)	-	95	(922)	-
Issuance Cost	(534)	-	44	(490)	-
Total Certificates of Participation	16,672	-	(661)	16,011	880
Notes Payable	144,899	82	(75,757)	69,224	783
Capital Lease	14,244	-	(1,439)	12,805	1,582
Due to State of California	9,323	15,396	(11,416)	13,303	12,559
Accrued Oil Field Abandonment Costs	266,100	1,600	(87)	267,613	-
Business-Type Activities Long-Term Liabilities	<u>\$ 1,734,292</u>	<u>\$ 322,913</u>	<u>\$ (114,416)</u>	<u>\$ 1,942,789</u>	<u>\$ 55,184</u>

CITY OF LONG BEACH
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NOTE 9 – BONDS PAYABLE

At September 30, 2002 bonded indebtedness consisted of the following (in thousands):

Description	Date Issued	Final Maturity	Range of Interest Rates*	Authorized and Issued	Outstanding at September 30, 2002
<u>GOVERNMENTAL ACTIVITIES</u>					
GENERAL CITY REVENUE BONDS					
Long Beach Museum of Art Project	10/15/99	09/01/09	Variable	\$ 3,060	\$ 3,060
Belmont Shore Parking Meter	06/30/93	06/30/13	5.75%	2,220	1,565
Parking Plaza Bonds	06/14/01	11/01/27	4.4%-5.375%	11,500	11,500
Public Safety Facility	03/01/02	11/01/31	3.0%-5.25%	40,915	40,915
Total General City Revenue Bonds				<u>57,695</u>	<u>57,040</u>
REDEVELOPMENT REVENUE BONDS					
Tax Allocation Bonds:					
1992 Multiple Series -					
Downtown Project Refunding	12/01/92	11/01/22	2.9% - 6.0%	81,020	65,595
West Long Beach Industrial TAB	12/01/92	11/01/22	2.9% - 6.0%	36,470	30,750
2002 West Beach	06/25/02	08/01/18	3.0%-5.375%	8,895	8,895
2002 Downtown Project	06/25/02	08/01/24	3.0%-5.375%	26,820	26,820
2002 North Long Beach	06/25/02	08/01/31	3.0%-5.375%	40,290	40,290
2002 Poly High	06/25/02	08/01/12	3.0%-5.375%	1,710	1,710
Total Redevelopment Revenue Bonds				<u>195,205</u>	<u>174,060</u>
INTERNAL SERVICE BONDS					
Civic Center Fund:					
1997 Civic Center Project Series A	12/01/97	10/01/27	4.0% - 5.0%	43,655	40,015
Fleet Services:					
1998 Temple and Willow Facility Series A & B	05/01/98	10/01/27	5.0%-6.0%	38,065	35,495
Employee Benefits Fund:					
Pension Obligation Refunding Bonds Series 2002	09/01/02	09/01/21	Variable	87,590	87,950
Pension Obligation Bonds Series 1995	10/01/95	09/01/11	5.90% - 7.24%	23,920	22,875
Total Employee Benefits				<u>111,510</u>	<u>110,825</u>
Total Internal Service Funds				<u>193,230</u>	<u>186,335</u>
Total Governmental Activities Bonds Payable				<u>446,130</u>	<u>417,435</u>
<u>BUSINESS-TYPE ACTIVITIES:</u>					
ENTERPRISE REVENUE BONDS					
Gas Fund:					
1993 Gas Utility	11/01/93	11/01/13	2.6% - 5.125%	13,490	9,440
Water Fund:					
1997A Water	10/01/97	05/01/24	4.0% - 5.75%	46,945	40,155
Solid Waste Management Fund:					
1995 SERRF	10/01/95	12/01/18	Variable	143,300	129,300
Tidelands Fund:					
Aquarium of the Pacific	05/03/01	11/01/30	3.875%-5.5%	129,520	129,520
1994 Marina Subordinate Revenue Bond	04/01/94	04/01/09	6.25%	1,310	760
1995 Marina Refunding Revenue Bond	11/01/95	01/15/08	3.85% - 5.15%	31,725	17,795
1999 Rainbow Harbor Financing Project	07/01/99	05/01/24	4.25%-5.5%	47,970	47,905
Total Tidelands Fund				<u>210,525</u>	<u>195,980</u>
Harbor Fund:					
1993 Harbor	10/01/93	05/15/18	4.5%-5.125%	166,500	133,130
1995 Harbor	11/01/95	05/15/25	5.25%-9.0%	343,420	314,095
1998 Harbor	02/01/98	05/15/19	5.25%-9.0%	206,330	185,080
2000 Harbor	05/15/01	05/15/25	5%-5.75%	275,000	275,000
2002 Harbor	06/19/02	05/15/27	Variable	300,000	300,000
Total Harbor Fund				<u>1,291,250</u>	<u>1,207,305</u>
Total Business-Type Activities Bonds Payable				<u>1,705,510</u>	<u>1,582,180</u>
Total Primary Government Bonded Indebtedness				<u>\$ 2,151,640</u>	<u>\$ 1,999,615</u>

* Interest on all bonded indebtedness is payable semi-annually except 1995 SERRF, the Long Beach Museum of Art Project, the Pension Obligation Bonds Series 2002 and 2002 Harbor Bonds which are paid monthly.

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In March 2002, the City issued \$40,915,000 in Long Beach Bond Finance Authority Lease Revenue bonds, Public Safety Facilities Projects, Series 2002. The bonds were issued to finance the construction and improvement of certain public safety and fire department facilities in the City, to fund a reserve account, to pay a portion of capitalized interest and to pay certain costs of issuance on the Series 2002 bonds. Interest rates range from 3.0% to 5.25%.

In June 2002, the City issued the City of Long Beach Harbor Revenue Bonds Series 2002 A & B (the 2002 Bonds). The 2002 Bonds are secured by the Harbor Enterprise Fund. The 2002 Bonds, dated June 19, 2002, in the amount of \$300,000,000 were issued to finance certain capital improvements at the Port of Long Beach, to current refund a portion of the Department's Commercial Paper Notes, and to finance the costs of issuance. The 2002 bonds will be called before maturity and redeemed at a redemption price equal to the par amount thereof from mandatory sinking account payments deposited in the principal account. Deposits into the principal account will mature on May 15 of each year from 2003 to 2027 in amounts ranging from \$5,300,000 to \$21,200,000 with interest payable semiannually on May 15 and November 15. The 2002 bonds will initially bear interest at the long-term interest rate of 4.0% until the mandatory tender date of May 14, 2004. At the end of the initial long-term interest rate period, and upon satisfaction of certain conditions, the 2002 bonds will bear interest at a different long-term interest rate or rates at a daily, weekly, interest rate, bond interest term rate, fixed interest rate or auction rate.

Debt service payments to maturity for governmental activities bonds are as follows (in thousands):

Year-End	Principal Payments By Fund - Governmental Activities								Annual Debt Service Requirements		
	Museum of Art Project	Belmont Shore Parking Revenue	Parking Plaza	Public Safety Facility	Redevelopment Capital Projects	Civic Center	Fleet	Employee Benefits	Principal	Interest	Total
2003	\$ -	\$ 125	\$ -	\$ -	\$ 3,570	\$ 850	\$ 710	\$ 4,115	\$ 9,370	\$ 21,896	\$ 31,266
2004	-	130	240	-	4,212	885	740	4,515	10,722	20,983	31,705
2005	-	140	255	-	4,437	925	770	4,940	11,467	20,432	31,899
2006	-	145	265	810	4,705	970	805	5,390	13,090	19,815	32,905
2007	-	155	280	835	4,972	1,015	835	5,925	14,017	19,139	33,156
2008 - 2012	3,060	870	1,600	4,580	29,822	5,850	4,815	33,840	84,437	83,243	167,680
2013 - 2017	-	-	2,030	5,710	38,465	7,505	6,150	26,050	85,910	61,552	147,462
2018 - 2022	-	-	2,630	7,365	47,337	9,640	7,970	26,050	100,992	37,307	138,299
2023 - 2027	-	-	3,405	9,495	26,116	12,375	12,700	-	64,091	15,172	79,263
2028 - 2032	-	-	795	12,120	10,424	-	-	-	23,339	3,233	26,572
Totals	<u>\$ 3,060</u>	<u>\$ 1,565</u>	<u>\$ 11,500</u>	<u>\$ 40,915</u>	<u>\$ 174,060</u>	<u>\$ 40,015</u>	<u>\$ 35,495</u>	<u>\$ 110,825</u>	<u>\$ 417,435</u>	<u>\$ 302,772</u>	<u>\$ 720,207</u>

The Long Beach Museum of Art Project principal of \$3,060,000 is due September 1, 2009. Interest is payable monthly at variable interest rates. Rates for fiscal year 2002 ranged from 1.05% to 1.94%. For purposes of illustration a fixed rate of 1.34% has been used in the table above. The Employee Benefits Fund Pension Obligation Bonds Series 2002 interest is payable monthly at variable interest rates. The bonds were issued September 1, 2002. The debt service requirements to maturity for these bonds for the purpose of illustration are based on 4% based on the bond trust agreement. The Harbor 2002 Bonds debt service requirements to maturity for the purpose of illustration are based on 4%.

CITY OF LONG BEACH
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Annual principal payment requirements to maturity for business-type activities revenue bonds and the funds from which payments will be made are as follows (in thousands):

Year-End	Principal Payments by Fund -- Business-Type Activities					Total Annual Debt Service Requirements		
	Gas	Water	Solid Waste Management	Tidelands	Harbor	Principal	Interest	Total
2003	\$ 600	\$ 1,570	\$ 4,200	\$ 2,865	\$ 30,145	\$ 39,380	\$ 78,179	\$ 117,559
2004	625	1,645	4,500	3,005	32,590	42,365	77,492	119,857
2005	655	1,110	4,800	4,515	34,995	46,075	75,239	121,314
2006	685	1,155	5,100	7,425	36,950	51,315	72,882	124,197
2007	720	1,210	5,500	7,685	38,980	54,095	70,364	124,459
2008 - 2012	4,175	7,030	33,800	28,820	229,455	303,280	309,317	612,597
2013 - 2017	1,980	9,130	47,600	32,585	301,045	392,340	222,926	615,266
2018 - 2022	-	11,740	23,800	42,105	284,565	362,210	120,735	482,945
2023 - 2027	-	5,565	-	41,710	218,580	265,855	39,093	304,948
2028 - 2032	-	-	-	25,265	-	25,265	3,561	28,826
Totals	<u>\$9,440</u>	<u>\$40,155</u>	<u>\$ 129,300</u>	<u>\$195,980</u>	<u>\$1,207,305</u>	<u>\$1,582,180</u>	<u>\$1,069,788</u>	<u>\$2,651,968</u>

Advance Refundings

During the fiscal year ended September 30, 2002 the City advance refunded debt issues in order to take advantage of declining interest rates, to provide additional capital for related projects and/or to extend the term of the bonds.

In June 2002, the Redevelopment Agency (Agency) of the City of Long Beach issued \$77,715,000 in Long Beach Bond Finance Authority Tax Allocation Revenue Bonds (Downtown, North Long Beach, Poly High and West Beach Redevelopment Project Areas) 2002 Series A (2002 Series A) bonds. These 2002 Series A bonds were issued to advance and current refund the 1987 Tax Allocation Bonds – West Beach Project Bonds with interest rates ranging from 5.25% to 7.1%, the 1992 Series B – Downtown Project with interest rates ranging from 3.5% to 7.875%, and 1997 Series – Downtown Project with interest rates ranging from 4.25% to 5.125% and to finance certain redevelopment projects of the Agency, to fund reserve accounts, and to pay certain issuance costs for the 2002 Series A bonds. The 2002 Series A interest rates range from 3.0% to 5.375%.

In August 2002, the City issued \$87,950,000 in City of Long Beach Taxable Pension Obligation Refunding Bonds Series 2002 A and Series 2002 B to provide for the payment and defeasance of a portion of the Pension Obligation Bonds Series 1995 (Prior Bonds). The Prior Bonds were outstanding in the aggregate principal amount of \$97,705,000 and the City provided for the defeasance of \$73,785,000 or approximately 75.52% of the Prior Bonds. The issue resulted in an accounting loss of \$14,279,000 and an economic loss of \$6,750,000. Aggregate debt service based on 5.06% interest rate, which includes marketing and auction fees, required for deposit on the debt service for the initial year increased \$36,671,000 by extending the final debt payment from fiscal year 2011 to fiscal year 2021. Interest on the bonds is variable based on an auction rate established pursuant to Auction Procedures defined in the bond official statement.

In addition to the above advance refunding issue, the City has previously advance refunded several outstanding bond issues. Each of these refunding transactions resulted in

CITY OF LONG BEACH
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an overall economic gain to the City by providing for a substantial savings in cash flow requirements to service the outstanding debts. For financial reporting purposes, however, such refunding transactions generally result in accounting losses. In accordance with generally accepted accounting principles in effect at the time of the transaction, such accounting losses were recognized by the City in the year of refunding and the corresponding economic gains are recognized by the City as they occur.

The proceeds from the City's refunding issues have been placed in irrevocable escrow accounts overseen by independent bank fiscal agents. Such proceeds have been generally invested in U.S. Treasury Securities, which, together with interest earned thereon, are intended to provide amounts sufficient for future payment of interest, principal and redemption premium on the refunded bonds. These refunded bonds have not been included as City outstanding long-term debt since the City's obligation thereon was satisfied by establishing the irrevocable trusts.

As of September 30, 2002, the total amount of the defeased debt outstanding and removed from the City's funds and account groups aggregated \$265,340,000.

Interest Rate "Swap Agreement"

The City had entered into a six-year interest rate "swap agreement" for the \$143,300,000 variable rate 1995 SERRF revenue bonds. Based on the "swap agreement", the City owed interest calculated at a fixed rate of 6.715% to the "swap" counterparty. In return, the counterparty owes the City interest based on a variable rate that matches the rate required by the bonds. Only the net difference in interest payments is actually exchanged with the counterparty. The \$143,300,000 in bond principal has not been exchanged and serves as the basis on which the interest payments are calculated. At September 30, 2002, the bond principal outstanding is \$129,300,000.

Effective May 1, 2002 the swap agreement expired. The City continues to pay interest to the bondholders at the variable rate provided by the bonds. During the term of the "swap agreement", through May 1, 2002, the City effectively paid a fixed rate of 6.715% on the debt. From May 1, 2002 through September 30, 2002 the variable interest rate varied from 1.09% to 1.68%. At this time the City has not entered into another swap agreement. The debt service requirements to maturity for the affected bonds for purposes of illustration are based on a fixed rate of 4.0% based on current estimates.

Special Assessment Debt

The City serves as the facilitating agent for a number of no-obligation special assessment debt issues. Funding from these issues has been used to improve streets and other City infrastructure, as well as assisting City residents with the cost of major structural repairs and installation of seismic resistant improvements to their properties. The City has no obligation to service the debt on these special assessment issues; therefore, no liability has been recorded in the City's books for the special assessment debt.

The proceeds from special assessment debt issued for City infrastructure improvements are accounted for in the General Capital Projects Fund. The proceeds from special assessment debt issued for the Pike Public Improvements is accounted for in the Rainbow

CITY OF LONG BEACH
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Harbor Area Segment of the Tidelands Fund. Special assessment revenues to repay the debt issues are being accounted for in Agency Funds.

At September 30, 2002, aggregate special assessment debt issued through the City consisted of seven issues, summarized as follows:

- Dates Issued: 6/1/90 – 7/11/02
- Final Maturities: 9/2/05 – 10/01/32
- Range of Interest Rates: 2.625% – 10.5%
- Amounts Authorized and Issued: \$1,396,000 – \$43,000,000
- Range of Amounts Outstanding: \$213,000 – \$43,000,000
- Aggregate Outstanding at September 30, 2002: \$81,286,000

Pike Public Improvements

In June 2002, the City of Long Beach Community Facilities District No. 6 2002 Special Tax Bonds (Pike Public Improvement Bonds) were issued in the amount of \$43,000,000 under the provisions of the Mello-Roos Community Facilities Act of 1982. The Pike Public Improvement Bonds were issued to finance a portion of the costs of the acquisition, construction, installation and equipping of various public capital improvements in the Pike Development Project in undeveloped oceanfront land adjacent to the downtown area of the City. A substantial portion of the proceeds will be applied to finance the cost of a Pike parking structure. The bonds do not constitute a debt of the City, therefore, no liability has been recorded in the City's books. The debt is payable from special tax revenues levied on the property within the district. (See Note 22.)

Earthquake Assessment

In 1990, the City, acting on behalf of certain property owners, formed the Earthquake Repair Assessment District 90-3 (District). In June 1991, the District issued \$17,440,000 of City of Long Beach Earthquake Repair Assessment District No. 90-3 Limited Obligation Improvement Bonds (Bonds) for the construction and installation of seismic resistance improvements to eligible commercial and residential properties within the City. The principal and interest was to be paid from the annual collection of special assessments on property within the District. As of September 30, 1996, \$10,130,000 in bonds were outstanding. In September 1996, the Bond's Fiscal Agent determined that there were insufficient funds to make full payment of principal and interest due to significant delinquencies in payment of assessments. Under the provisions of the bond covenants, the City is required to commence judicial foreclosure proceedings upon delinquent assessments and to diligently pursue such foreclosure proceedings to completion. To date, the City has fulfilled its responsibility and will continue such action to ultimate resolution.

To structure a remedy for the default, the City formed the Long Beach Bond Financing Authority (LBBFA).

The LBBFA divided District properties into performing and delinquent pools. The assessment revenue from each pool was then used as collateral for new LBBFA bonds sold in July 1997. Series A bonds (Series A) and Series B bonds (Series B) represent the

CITY OF LONG BEACH
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performing pool and the delinquent pool, respectively. A breakdown of these pools is as follows:

<u>Bond</u>	<u>Maturity</u>	<u>Rate</u>	<u>Par Amount</u>
Series A	September 2, 2015	8.874% - 9.375%	\$ 5,900,000
Series B	September 2, 2015	11.300%	6,717,000

Series A was sold on the open market to private investors. The City purchased Series B. The proceeds from both series were used by LBBFA to purchase the original bonds as an investment. Assessment revenues from these investments are being used to repay the new debt. As foreclosure proceedings are completed and the properties become performing, the Series B Bonds will be converted to Series A Bonds and sold to private investors.

Such bonds described above do not constitute indebtedness of the City. The City is in no way obligated for their repayment and is only acting on behalf of the bond owners in collecting the assessments and special taxes from the property owners, forwarding the collections to the bond owners and initiating foreclosure proceedings, when necessary. Accordingly, these special assessment bonds payable have been excluded from the accompanying basic financial statements.

Conduit Debt

The bond issues described below do not constitute general obligations of either the City, its Housing Authority (Authority) or the City's Redevelopment Agency (Agency). There is no legal or ethical obligation on the part of the City to make debt service payments on the conduit debt issues. Likewise the City has no responsibility for bond administration, as the issues are completely administered by independent trustees. Accordingly, these programs and issues have been excluded from the accompanying basic financial statements.

Several multifamily mortgage bonds have been issued under the auspices of the City's Authority and the Agency. These issues provided for the permanent financing and construction of apartment complexes. The resulting bonds are not obligations of the City of Long Beach and only constitute special limited obligations of the Authority and the Agency and are payable solely from the revenue and assets of the homeowner obtaining funding under this program.

The City has also allowed its name to be used in the issuance of Industrial Development Refunding Bonds to benefit a local university. These bonds are secured by the university's pledge of resulting assets.

The City has sponsored home mortgage revenue bonds to provide funds for the purchase of home mortgages secured by newly constructed and existing single family homes located in the City. These bonds are secured by a pledge of all receivables from single family mortgage loans purchased with the bond proceeds plus amounts held in the bond debt service accounts by the trustee for the issue.

CITY OF LONG BEACH
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Bonds have been issued for land acquisition located in the City for a homeowners association with the City's name. The bonds are payable from revenues of the condominium owners by way of lease payments and special assessments.

At September 30, 2002, Conduit Debt outstanding consisted of the following (in thousands):

<u>Description</u>	<u>Final Maturity</u>	<u>Amount Authorized</u>	<u>Outstanding at September 30, 2002</u>
Multi Family Mortgage Bonds			
Housing Authority	2028	\$ 12,500	\$ 12,500
Industrial Development			
Refunding Bonds	2023	11,620	10,740
Home Mortgage Revenue Bonds	2014	22,500	395
Marina Pacifica Land			
Acquisition Revenue Bonds	2030	<u>22,000</u>	<u>22,000</u>
Total Conduit Debt		<u>\$ 68,620</u>	<u>\$ 45,635</u>

CITY OF LONG BEACH
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NOTE 10 – NOTES, CERTIFICATES OF PARTICIPATION, COMMERCIAL PAPER NOTES AND OTHER LONG-TERM OBLIGATIONS

At September 30, 2002, the City had several notes and installments payable, certificates of participation, commercial paper notes and other long-term obligations which consisted of the following (in thousands):

Description	Date Issued	Final Maturity	Range of Interest Rates	Originally Issued	Outstanding at September 30, 2002
<u>GOVERNMENTAL ACTIVITIES:</u>					
<u>NOTES PAYABLE:</u>					
General Fund:					
U.S. Department of the Navy	05/20/97	05/19/30	7.50%	\$ 11,075	\$ 10,853
Community Development Grants Fund:					
Section 108 Business Assistance	05/14/97	08/01/06	4.97%	750	300
Housing Development Fund:					
State of California	01/23/92	01/23/22	3%	1,016	1,016
California Housing Finance Agency	10/06/99	10/06/10	3%	2,000	1,980
California Housing Finance Agency	02/05/02	02/05/12	3%	600	598
Total Housing Development Fund				<u>3,616</u>	<u>3,594</u>
Redevelopment Capital Projects Fund:					
Los Angeles County	01/21/92	N/A	3.75%	1,100	1,100
L. and M. Andriole	10/20/87	10/06/02	5.83%	1,000	1,000
D. Mester	06/17/98	06/17/05	6.5%	104	104
Community Bank	07/31/01	09/01/06	7.5%	673	658
Total Redevelopment Capital Projects Fund				<u>2,877</u>	<u>2,862</u>
<u>ANNUITY OBLIGATION:</u>					
General Fund:					
Police and Fire Annuity	N/A	N/A	N/A	47,543	47,543
Governmental Activities Notes and Annuity Obligation				<u>\$ 65,861</u>	<u>\$ 65,152</u>
<u>BUSINESS-TYPE ACTIVITIES:</u>					
<u>NOTES PAYABLE:</u>					
Water Fund:					
State Resources	06/30/88	06/30/08	4.0128%	\$ 2,000	\$ 749
Tidelands Fund:					
State of Calif DBAW/Seawalls	Var 1997	08/01/24	4.5%	1,285	1,098
State of Calif DBAW/Downtown Marina	08/01/83	08/01/11	4.5%	3,900	2,215
State of Calif DBAW/Downtown Marina	08/01/84	08/01/12	4.5%	3,500	2,377
State of Calif DBAW/Downtown Marina	08/01/85	08/01/12	4.5%	600	396
State of Calif DBAW/Shoreline Marina	08/01/82	08/01/10	4.5%	1,300	583
State of Calif DBAW/Los Cerritos Channel	08/01/81	08/01/08	4.5%	1,238	444
State of Calif DBAW/Basin 8	09/30/98	08/01/28	4.5%	241	241
State of Calif DBAW - Lighthouse	06/23/00	06/23/30	4.5%	700	669
Total Tidelands Fund				<u>12,764</u>	<u>8,023</u>
Harbor Fund:					
Commercial Paper Notes	03/01/94	N/A	1.20 - 1.30%	383,500	60,150
Nassir	09/21/94	09/12/08	6%	579	248
Locke	03/22/91	03/22/06	10%	203	54
Total Harbor Fund				<u>384,282</u>	<u>60,452</u>
<u>CERTIFICATES OF PARTICIPATION:</u>					
Airport Fund:					
1993 Airport Refundung	07/01/93	06/01/16	2.7-5.35%	16,815	12,750
Tidelands Fund:					
Parking Authority/Rainbow Harbor Area	05/01/97	05/01/17	4.25-5.75%	5,855	5,035
Business-type Activities Notes and Certificates of Participation				<u>\$ 421,716</u>	<u>\$ 87,009</u>

N/A - Maturity date has not been established for these notes and annuities.

CITY OF LONG BEACH
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Towne Center Project

In May 1997, the City (General Fund) entered into loan agreements (Navy Notes 1997) with the Department of the Navy to purchase the former Navy hospital property for the Towne Center area improvements. In fiscal year 2001 the Navy Note 1997 Series A in the amount of \$7,808,000 at 7.5%, Series B of \$2,998,000 at 9% plus accrued interest of \$269,000 for a total of \$11,075,000 were refinanced in accordance with the loan agreements to a 7.5% note. The note is due in May 2030, payable at \$938,000, including principal and interest, per year. The balance outstanding at September 30, 2002 is \$10,853,000.

HUD Section 108 Business Assistance and Revitalization Loans

In January 1995, the City was granted authorization to use a Section 108 loan guarantee against its Community Development Block Grant. The authorization allows the City to borrow up to \$5,000,000 for its Commercial and Industrial Revolving Loan Fund Program. The amount used and outstanding at September 30, 2002 is \$300,000. The interest is variable and principal is paid at \$75,000 per year through 2006 by the Community Development Grants Special Revenue Fund.

Housing Development Company Loan

The Housing Development Company loan in the amount of \$1,016,000 at September 30, 2002 is payable to the State of California in January 2022. The Housing Development Company also has authorization to borrow \$2,600,000 from the California Housing Finance Agency at a interest rate of 3%. The funds will be used for a revolving loan program that will allow for the acquisition and rehabilitation of multiple residential buildings located in specific neighborhoods designated for revitalization. As of September 30, 2002 \$1,980,000 is payable through 2010 and \$598,000 is payable through 2012.

Tax Increment Obligation

The Redevelopment Agency has an agreement to pay Los Angeles County 49.44% of tax increment generated by the Los Altos and Central Long Beach Project Areas, payable commencing in 2020 at a simple interest rate of 3.75%. The tax increment due to the County at September 30, 2002 totaled \$1,100,000.

Redeveloper Obligation

The Redevelopment Agency executed a promissory note payable in July, 1987 in payment of real property purchased in the Downtown Project Area. The original interest rate of 10% was renegotiated to a variable interest rate which is payable monthly. Interest rates paid in fiscal year 2002 averaged 5.83%. The principal balance of \$1,000,000 is due on October 6, 2002.

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West Long Beach Industrial Project Obligations

In June 1998, the Redevelopment Agency executed a promissory note payable for \$104,000 for real property purchased in the West Long Beach Industrial Project Area. Full payment for the 6.5% note is due on June 17, 2005, or when tax allocation bonds are issued for the West Long Beach Industrial Project, whichever occurs first. At September 30, 2002, the entire amount of \$104,000 was still outstanding.

Central Long Beach Project Obligation

In July 2002, the Redevelopment Agency executed a promissory note payable for \$673,000 for real property purchased for the Central Long Beach Project. The monthly payment of \$5,500 on the 7.5% note is based on a twenty-year amortization. A payment of approximately \$595,000 is due at the maturity date of September 2006. The balance outstanding at September 30, 2002 is \$658,000.

Debt Service requirements for governmental activities notes payable and the funds from which payments will be made are as follows (in thousands):

Year-end	Principal Payments By Fund				Annual Debt Service Requirements		
	Governmental Activities				Principal	Interest *	Total
	General Fund	Community Development Grants Fund	Housing Development Fund	Redevelopment Capital Projects Fund			
2003	\$ 124	\$ 75	\$ -	\$ 1,017	\$ 1,216	\$ 954	\$ 2,170
2004	133	75	-	20	228	805	1,033
2005	143	75	-	125	343	795	1,138
2006	154	75	-	600	829	784	1,613
2007	165	-	-	-	165	772	937
2008 - 2012	1,032	-	2,578	-	3,610	3,657	7,267
2013 - 2017	1,482	-	-	-	1,482	3,207	4,689
2018 - 2022	2,127	-	-	-	2,127	2,562	4,689
2023 - 2027	3,054	-	1,016	-	4,070	1,635	5,705
2028 - 2032	2,439	-	-	-	2,439	374	2,813
Indeterminant	-	-	-	1,100	1,100	-	1,100
Totals	<u>\$ 10,853</u>	<u>\$ 300</u>	<u>\$ 3,594</u>	<u>\$ 2,862</u>	<u>\$ 17,609</u>	<u>\$ 15,545</u>	<u>\$ 33,154</u>

No payment dates have been established for the Redevelopment Capital Projects Fund notes payable for \$1,100,000; therefore, no interest has been listed in the above table.

CITY OF LONG BEACH
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Business-Type Activities

Future debt service payments under various notes payable for the City's business-type activities are as follows (in thousands):

Year-end	Principal Payments By Fund			Annual Debt Service Requirements		
	Business-Type Activities			Principal	Interest	Total
	Water	Tidelands	Harbor			
2003	\$ 122	\$ 606	\$ 55	\$ 783	\$ 544	\$ 1,327
2004	127	634	54	815	371	1,186
2005	132	663	54	849	336	1,185
2006	138	693	55	886	296	1,182
2007	143	724	42	909	255	1,164
2008 - 2012	87	3,282	42	3,411	719	4,130
2013 - 2017	-	405	-	405	272	677
2018 - 2022	-	505	-	505	177	682
2023 - 2027	-	379	-	379	67	446
2028 - 2032	-	132	-	132	11	143
Indeterminant	-	-	60,150	60,150	-	60,150
Totals	<u>\$ 749</u>	<u>\$ 8,023</u>	<u>\$ 60,452</u>	<u>\$ 69,224</u>	<u>\$ 3,048</u>	<u>\$ 72,272</u>

The City of Long Beach, Tidelands Fund, Rainbow Harbor Area segment, entered into a loan agreement on July 10, 1998 for the construction of a lighthouse with a harbormaster's office and restrooms with an authorized amount of \$700,000. Construction of the lighthouse and loan draws began in fiscal year 2000 for a total of \$700,000. The amount outstanding at September 30, 2002 is \$669,000. Annual payments in the amount of \$43,000 began in August, 2002 at an interest rate of 4.5%.

The Harbor Department authorized the issuance of up to \$383,500,000 in Commercial Paper notes. In 1994 the Harbor Department issued \$148,000,000 of Series A Commercial Paper Notes to pay for acquisition costs of property, facilities and oil rights in the North Harbor District. The Harbor Department intends to extend the notes for a period greater than a year; therefore, the outstanding amount has been classified under long-term obligations. During fiscal year 1997 the Harbor Department redeemed \$12,850,000 of notes and \$75,000,000 in redemption took place during fiscal year 2002. The amount outstanding at September 30, 2002 is \$60,150,000 with interest rates ranging from 1.20% to 1.30%. The Harbor Department also has other notes outstanding for \$248,000 and \$54,000 at September 30, 2002.

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Certificates of Participation

The remaining debt service requirements for Certificates of Participation payable from the Airport and the Tidelands Fund (Rainbow Harbor Area Segment) are as follows (in thousands):

Year-end	Principal Payments By Fund		Annual Debt Service Requirements		
	Airport	Tidelands	Principal	Interest	Total
2003	\$ 650	\$ 230	\$ 880	\$ 919	\$ 1,799
2004	680	240	920	876	1,796
2005	710	250	960	831	1,791
2006	750	265	1,015	782	1,797
2007	785	280	1,065	731	1,796
2008 - 2012	4,590	1,635	6,225	2,751	8,976
2013 - 2017	4,585	2,135	6,720	960	7,680
Totals	<u>\$ 12,750</u>	<u>\$ 5,035</u>	<u>\$ 17,785</u>	<u>\$ 7,850</u>	<u>\$ 25,635</u>

Police and Fire Annuity Obligation Program

The City administers a Police and Fire Annuity Program (Program) under the City Charter Section 187, prior to its termination in 1945. The terminated Program covers a diminishing number of public safety retirees or their surviving spouses. At September 30, 2002, there were 144 participants in this program.

Total expenditures to this closed group of individuals amounted to \$6,437,000 for the fiscal year ended September 30, 2002. The City's accrued Program liability was \$47,543,000 at September 30, 2002.

Program benefits are funded when required to be paid. Accordingly, there are no assets of the Program. Because of the very unique nature of this program, and the fact that the program has been closed for over five decades, an accrued program liability was historically recorded in the City's General Long-Term Obligations Account Group.

The current year change in the accrued liability is comprised of the following (in thousands):

Accrued Program Liability at October 1, 2001	\$ 51,222
Increase (Decrease) During the Year Attributable to:	
Benefits Paid	(6,437)
Estimated Change in Annualized Value of Benefits	2,758
Accrued Program Liability at September 30, 2002	<u>\$ 47,543</u>

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The number of Program participants diminishes each year. Since 1993, the number of program participants has been reduced by 117 individuals. The following table presents additional information for Police and Fire Annuity Benefit Programs (in thousands) (1996 benefits paid is for fifteen months, reflecting the City's change in its fiscal year end):

<u>Year-end</u>	<u>Number of Participants</u>	<u>Annuity Benefits Paid</u>	<u>Accrued Program Liability</u>
1993	261	\$8,435	\$79,862
1994	252	8,134	77,413
1995	239	7,804	68,369
1996	218	9,367	64,073
1997	205	7,783	61,207
1998	191	7,162	56,596
1999	181	7,093	57,500
2000	167	6,913	53,668
2001	157	6,641	51,222
2002	144	6,437	47,543

NOTE 11 – LEASING ARRANGEMENTS

Hyatt Long Beach Corporation Lease

In 1981, the City entered into a 50-year non-cancelable ground lease with a renewable term of 25 years, with a developer on certain Tideland properties held in trust by the City. The developer constructed a hotel and adjacent public facilities including a parking structure. In January 1995, the City renegotiated the agreements with the developer. Under the terms of the revised lease, the City will receive annual minimum ground lease rent of \$242,000, increased 10% every 5 years, plus 2.5% of the hotel's gross operating profit. Payment of these amounts is due 90 days after the close of the calendar year. The City accounts for the ground lease as an operating lease in the Tidelands Fund.

Concurrently, the developer leased the parking structure and public facilities to the City, a portion of which was sublet back to the developer. Under the terms of the lease, the City is obligated to pay the developer approximately \$2,855,000 per year through 2008, with incidental costs to be paid by the City thereafter. Subsequent to 2020, the City is not required to make any further lease payments. Under the terms of the sublease, the developer is obligated to pay the City approximately \$477,000 annually through 2008, with their proportionate share of the incidental costs thereafter.

The City has accounted for the lease and the sublease of the parking structure and public facilities as a capital lease payable and long-term lease receivable, respectively, in the Tidelands Fund using an interest rate of approximately 10%. At September 30, 2002, the outstanding capital lease payable and long-term lease receivable are \$12,805,000 and \$2,137,000, respectively.

CITY OF LONG BEACH
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Future debt service payments under this business-type activity capital lease payable and future minimum rentals to be received under this sublease are as follows (in thousands):

Fiscal Year-end	Debt Service Payments			Minimum Rentals
	Principal	Interest	Total	
2003	\$ 1,582	\$ 1,273	\$ 2,855	\$ 477
2004	1,739	1,116	2,855	477
2005	1,912	943	2,855	477
2006	2,102	753	2,855	477
2007	2,312	544	2,856	477
2008 - 2012	3,158	411	3,569	591
Totals	<u>\$ 12,805</u>	<u>\$ 5,040</u>	<u>\$ 17,845</u>	<u>\$ 2,976</u>

Other Leases:

The City has various other capital leasing arrangements as follows (in thousands):

<u>Description</u>	<u>Date Issued</u>	<u>Final Maturity</u>	<u>Range of Interest Rates</u>	<u>Original Amount</u>	<u>Outstanding at September 30, 2002</u>
GOVERNMENTAL ACTIVITIES					
General Fund:					
Emergency Communications Center (a)	06/21/02	06/21/05	3.01%	\$ 4,000	\$ 4,000
Emergency Communications Center (a)	06/21/02	06/21/07	3.62%	4,000	4,000
Emergency Communications Center (a)	06/21/02	06/21/09	3.94%	9,125	9,125
Park Sports Lighting (b)	04/12/01	09/01/05	5.25%	98	77
City Light and Power (c)	05/01/96	05/01/21	8.73%	18,500	17,660
Total General Fund				<u>35,723</u>	<u>34,862</u>
Health Special Revenue Fund:					
Health Facility (d)	06/30/89	01/01/19	Variable	<u>4,866</u>	<u>3,916</u>
Internal Service Funds:					
Civic Center Fund:					
Sisco Lease (e)	07/17/96	01/17/07	6.07%	<u>6,278</u>	<u>3,096</u>
General Services Fund:					
Personal Computers (f)	12/24/02	12/25/04	2.90%	2,523	1,913
Personal Computers (f)	12/27/00	12/27/03	5.03%	2,230	970
Financial Accounting System (g)	09/06/96	09/06/03	5.88%	4,000	622
IBM Processor (h)	09/01/00	08/01/05	3.8-7.45%	654	300
Total General Services Fund				<u>9,407</u>	<u>3,805</u>
Total Governmental Activities Leases				<u>\$ 56,274</u>	<u>\$ 45,679</u>

- (a) The City entered into capital lease agreements to purchase equipment for the Emergency Communications and Operations Center. The annual payment, including principal and interest, is \$3,840,000 which is paid annually through fiscal year 2009.

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- (b) The City entered into a capital lease agreement to install lighting systems in certain parks. The lease is payable monthly in the amount of \$1,900 at 5.25% interest through September 2005.
- (c) The City entered into a capital lease agreement to improve and replace the street lighting infrastructure in the City. The lease is payable monthly; the amount varies by year, with the initial year at \$57,000 per month and the maximum amount for the sixth through twenty-fifth years at \$163,000 per month.
- (d) In June 1989, the City entered into a capital lease with the California Health Facilities Financing Authority to finance the Health Department building. Interest is payable monthly at variable interest rates plus State expenses. Principal is paid annually in November.
- (e) The City entered into a capital lease to make energy conservation improvements to the Civic Center building. The monthly installments vary through January 2007 and do not exceed \$78,000 per month. The savings in energy costs resulting from the improvements are expected to be sufficient to cover the lease payments.
- (f) The City entered into capital lease agreements to finance the leasing of personal computers. The leases are payable monthly through 2004 and the aggregate monthly payments are \$138,000.
- (g) The City entered into a capital lease to acquire new financial systems which is payable in monthly installments of \$58,000.
- (h) The City entered into a capital lease to finance the purchase of IBM processors and related equipment. The lease is payable monthly in installments of \$10,000.

Aggregate future debt service payments under the City's governmental-activities various capital leases are as follows (in thousands):

Year-end	Principal Payments By Fund				Annual Debt Service Requirements		
	General	Health	Civic Center	General Services	Principal	Interest	Total
2003	\$ 3,672	\$ 120	\$ 622	\$ 2,328	\$ 6,742	\$ 2,117	\$ 8,859
2004	3,804	130	691	1,164	5,789	1,933	7,722
2005	3,961	140	763	313	5,177	1,785	6,962
2006	2,720	150	764	-	3,634	1,657	5,291
2007	2,852	160	256	-	3,268	1,536	4,804
2008 - 2012	6,999	1,015	-	-	8,014	6,300	14,314
2013 - 2017	6,601	1,455	-	-	8,056	3,539	11,595
2018 - 2022	4,253	746	-	-	4,999	434	5,433
Totals	<u>\$ 34,862</u>	<u>\$ 3,916</u>	<u>\$ 3,096</u>	<u>\$ 3,805</u>	<u>\$ 45,679</u>	<u>\$ 19,301</u>	<u>\$ 64,980</u>

CITY OF LONG BEACH
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Future Rental Income Under Operating Leases

Aggregate minimum future rental income under non-cancelable operating leases having an initial term in excess of one year is as follows by fund (in thousands):

<u>Year-end</u>	
2003	\$ 190,403
2004	183,130
2005	181,090
2006	161,551
2007	153,979
2008-2012	650,946
2013-2017	550,695
2018-2022	504,891
2023-2027	337,403
2028-2032	26,534
2033-2037	15,848
2038-2042	11,542
2043-2047	9,946
2048-2052	4,461
Total	<u>\$ 2,982,419</u>

NOTE 12 – RETIREMENT PROGRAMS

Plan Description

The City contracts with the California Public Employees' Retirement System (CalPERS), an agent multiple-employer public employee defined benefit pension plan. CalPERS provides retirement and disability benefits, including annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statute and city ordinance. Copies of CalPERS' annual financial report may be obtained from their executive office: 400 P Street, Sacramento, CA 95814. Since CalPERS is on a fiscal year ending June 30, all actuarial calculations for the City's retirement plan are made on a fiscal year ending June 30 which differs from the City's September 30 fiscal year end.

Under the terms of the contract between CalPERS and the City, all full-time employees are eligible to participate in CalPERS and become vested in the system after five years of service. The City has a multiple tier retirement plan with benefits varying by plan. Vested first and second tier safety employees who retire at age 50 are entitled to receive an annual retirement benefit, payable monthly for life, in an amount equal to 3% of the employee's highest paid year of employment for each year of credited service. Vested first and second tier non-safety employees who retire at age 55 are entitled to receive an annual retirement benefit, payable monthly for life, in an amount equal to 2.7% of their highest paid year of employment for each year of credited service for the first tier, and for the average salary

CITY OF LONG BEACH
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during the three consecutive highest paid years of employment for each year of credited service for second tier. The non-safety plan was amended to 2.7% at age 55 effective August 24, 2002.

The City amended its safety and miscellaneous retirement plans to create Second Tiers in fiscal year 1990 and a Third Tier for miscellaneous employees in fiscal year 1996. During fiscal year 2002 the Third Tier was eliminated and plan participants were absorbed into Tier Two. Retirees under the First Tier are eligible to receive a maximum annual 5% cost-of-living increase in their retirement benefit, while those under the Second Tier are eligible to receive a maximum annual 2% cost-of-living increase.

Funding Policy

In November 1998, the City was informed by CalPERS that all of its retirement plans were overfunded based on the actuarial valuation completed as of June 30, 1997. Accordingly, the City's employer contribution rates were reduced by CalPERS to zero for all plans effective November 13, 1998. Participants are required to contribute 7% of their earnings for all miscellaneous and 9% for all police, fire and lifeguard employees. The City continued to make these employee contributions as required by CalPERS law through July 2, 1999 at which time it was informed by CalPERS that no further contributions were required. Based on the latest actuarial valuations as of June 30, 2001, the City continues to be overfunded and is not currently required to pay CalPERS any employee or employer contributions for any of its plans. The funded normal cost rates are as follows:

Contribution Rates for Fiscal Year 2002

Employees Covered	Normal Cost	Amortization of Unfunded Liability	Total Employer Rate	Employee Rate *
Safety	19.650%	(19.650%)	-	9%
Miscellaneous	9.551%	(9.551%)	-	8% **

* At this time, Employee Contributions are being paid from excess assets in the City's Safety and Miscellaneous CalPERS plans.

** Miscellaneous employee rate increased to 8% from 7 % effective August 24, 2002.

Contribution Rates for Fiscal Year 2001

Employees Covered	Normal Cost	Amortization of Unfunded Liability	Total Employer Rate	Employee Rate *
Safety	20.097%	(20.097%)	-	9%
Miscellaneous	7.028%	(7.028%)	-	7%

* At this time, Employee Contributions are being paid from excess assets in the City's Safety and Miscellaneous CalPERS plans.

Contribution requirements of plan members and the City are established and may be amended by CalPERS. Due to recent CalPERS investment losses, the City is expecting that contribution payments to CalPERS will be required beginning October 1, 2004 for both Safety and Miscellaneous Plans.

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Annual Pension Cost

Since the City retirement plans are overfunded, the annual pension cost for CalPERS is effectively zero. A summary of principal assumptions and methods used to determine the annual required contribution for miscellaneous and safety employees is shown below.

	Assumptions
Valuation Date	June 30, 2001
Actuarial Cost Method	Entry Age Actuarial Cost Method
Amortization Method	Level Percent of Payroll
Average Remaining Period	19 Years as of the Valuation Date for Safety Employees. 35 Years for Miscellaneous Employees
Asset Valuation Method	3 Year Smoothed Market
Actuarial Assumptions:	
Investment Rate of Return	8.25% (net of administrative expenses)
Projected Salary Increases	4.27% to 11.59% depending on age, service, and type of employment
Inflation	3.50%
Payroll Growth	3.75%
Individual Salary Growth	A merit scale varying by duration of employment coupled with an assumed annual inflation component of 3.50% and an annual production growth of 0.25%.

Initial unfunded liabilities are amortized over a closed period that depends on the plan's date of entry into CalPERS. Subsequent plan amendments are amortized as a level percentage of pay over a 20-year period. Gains and losses that occur in the operation of the plan are amortized over a rolling period, which results in an amortization of 10% of cumulative unamortized gains and losses each year. In the event that a plan's accrued liability exceeds the actuarial value of plan assets, the amortization payment on the total unfunded liability may not be lower than the payment calculated over a 30 year amortization period.

The Schedule of Funding Progress below shows the recent history of the actuarial value of assets, actuarial accrued liability, their relationship, and the relationship of the excess assets to payroll. The information is presented based on the CalPERS fiscal year from July 1 through June 30.

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Three-Year Trend Information for CalPERS – Net Pension Obligation
(Unaudited)
(In thousands)

<u>June 30</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
1999	\$23,626	100%	--
2000	--	100%	--
2001	--	100%	--

The City's contribution rate since July 1999 to date is zero, therefore there is no annual pension cost as of June 30, 2001.

Public Agency Retirement System – Defined Benefit Plan

In November 1994, the City established Public Agency Retirement System (PARS) Defined Benefit Plans for Special Status Contractors and Seasonal and Temporary Employees (The Plans). Both Plans are defined benefit, single employer retirement plans. The Plans, which took effect on January 1, 1995, are administered for the City through a third party administrator. The Plans provide for retirement as well as death and disability benefits to eligible individuals and their beneficiaries.

The Special Status Contractors Plan Benefit is a lifetime monthly annuity equal to 1.50% times the final average of the participant's highest 36 consecutive months' salary for each year of service. The plan requires participant contributions of 6.2% of earnings. All eligible participants enter the plan upon hire, and all benefits are vested after five years of service. However, plan participants immediately vest in their contributions. It is assumed that upon termination, the participant will choose to receive an actuarially equivalent lump sum (based on the actuarial assumptions described below).

The Seasonal and Temporary Employees Plan Benefit is a lifetime monthly annuity equal to 1.50% times the final average of the participant's highest 36 consecutive month's salary for each year of service. The plan requires employee contributions of 3.0% of earnings. All employees enter the plan upon hire, and all benefits are immediately vested. It is assumed that upon termination, the employee will choose to receive an actuarially equivalent lump sum.

The City's funding policy is to contribute the contribution determined by the Plan's actuary as of September 30, 2002. The following information describes the calculation methodology:

- The Plans' annual pension cost (APC) for the fiscal year ended September 30, 2002 is based on the period from July 1, 2001 to June 30, 2002. The APC for this period was \$5,001 for Special Status Contractors and \$69,496 for Seasonal and Temporary Employees, the same amounts contributed for this period.
- The actuarial liabilities and assets are valued as of June 30, 2002.

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- The actuarial funding method used is the projected-unit-credit-method. Under this method the contribution rate is the sum of the normal cost rate plus the unfunded actuarial liability rate. The normal cost is defined as the actuarial present value of benefits allocated to the valuation year and the actuarial accrued liability is the present value of benefits allocated to all periods prior to the valuation year. The normal cost rate is determined by dividing the normal cost by expected covered payroll.

In determining both Plans' actuarial accrued liability, the projected benefit of each participant must be allocated between past year and future years. This allocation is made by multiplying the projected benefit by a fraction, the numerator of which is the participant's total credited years of service on the valuation date, and the denominator is the participant's total credited years of service at anticipated benefit commencement.

The unfunded actuarial liability is the difference between the actuarial accrued liability and plan assets. This difference is amortized as a level percent of expected covered payroll to determine the unfunded actuarial liability rate.

The following is a summary of the actuarial assumptions for Special Status Contractors Plan:

Interest Rate:	7.5%
Mortality:	1983 Group Annuity Mortality Table
Turnover:	T-7 Table from the Actuary's Pension Handbook in excess of mortality
Salary Scale:	5.0%
Retirement Age:	Age 65 or attained age, if older
Form of Benefit:	Participants are assumed to receive a lump sum upon termination

The actuarial assumptions for the Seasonal and Temporary Employees Plan are the same except for the turnover assumptions, which are:

<u>Years of Service</u>	<u>Rate</u>
0	50%
1	40%
2	30%
3	20%
4	10%
5+	T-7 Table from the Actuary's Pension Handbook in excess of mortality

CITY OF LONG BEACH
NOTES TO BASIC FINANCIAL STATEMENTS
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The net pension obligation information below is based on periods from July 1 through June 30.

Fiscal Year	Annual Pension Costs	Actual Contribution	Percentage Contribution	Net Pension Obligation
1995 (June 30)	\$ 42,215	\$ 42,215	100%	\$ -
1996	118,347	118,347	100%	-
1997	121,211	121,211	100%	-
1998	116,510	116,510	100%	-
1999	133,722	133,722	100%	-
2000	115,589	115,589	100%	-
2001	31,384	31,384	100%	-
2002	5,001	5,001	100%	-
Seasonal and Temporary				
1996	\$ 24,945	\$ 24,945	100%	-
1997	60,699	60,699	100%	-
1998	53,504	53,504	100%	-
1999	63,131	63,131	100%	-
2000	73,335	73,335	100%	-
2001	71,365	71,365	100%	-
2002	69,496	69,496	100%	-

NOTE 13 – POST RETIREMENT HEALTH CARE BENEFITS

Full-time City employees are entitled to receive up to 96 hours of sick leave per year. Unused sick leave may be accumulated until termination or retirement. No sick leave benefits are vested; however, under the provisions of the City's Personnel Ordinance, upon retirement, the City allows retirees, their spouses and eligible dependents to use the cash value at retirement of the retiring employee's accumulated unused sick leave to pay for health, dental and long term care insurance premiums under the City's Retired Employees Health Insurance Program. Once the cash value of the retired employee's unused sick leave is exhausted, the retiree is required to pay all premiums himself. The City provided a one-time early retirement incentive of a maximum of \$25,000 for employees who retired during calendar year 1996. The amount of the incentive was based on age, and was credited to accumulated sick leave to be used towards health insurance costs during retirement.

At September 30, 2002, there were 708 participants in the City's Retired Employees Health Insurance Program, and the non-interest bearing cash value equivalent of the remaining unused sick leave for the current retirees totaled \$18,196,000. Total premiums paid by the City under the Retired Employees Health Insurance Program during the twelve months ended September 30, 2002, were \$3,461,000, and are included in the expenses of the Employee Benefits Internal Service Fund.

The City has recorded a liability in the Employee Benefits Internal Service Fund of \$54,395,000, based on an actuarial study of current and future retiree accumulated sick leave as of September 30, 2001 and updated as of September 30, 2002. Such estimate takes into account an estimate of future usage, additional leave accumulation and wage

CITY OF LONG BEACH
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2002

increases for both current retirees and active employees, and an additional amount relating to the sick leave incentive for employees who retired during calendar year 1996. The actuarial study assumes an investment return of 5.75%; wage increases of 4% per year, and insurance premium increases of 4.5%. The current portion of such obligation of \$4,327,000, recorded in current accrued wages and benefits, has been fully funded; the long-term portion of the liability of \$50,068,000 is being funded, over time, through burden rates charged to the various City funds, applied as a percent of current productive salaries.

NOTE 14 – SELF – INSURANCE PROGRAMS

The City has adopted separate self-insurance programs for workers' compensation and general liability claims. At September 30, 2002, the City accrued nondiscounted estimates of \$85,841,000 for workers' compensation and general liability claims. This represents estimates of amounts to be paid for actual and incurred but not reported claims based upon past experience, modified for current trends and development. The City does not have any outstanding annuities. The City has recorded a current liability of \$20,170,000 and a long-term liability of \$65,671,000 in the Insurance Internal Service Fund.

While the ultimate amount of losses incurred through September 30, 2002 is dependent on future developments, based upon information from the City Attorney, outside counsel and others involved with the administration of the programs, the City's management believes that the aggregate accrual adequately represents such losses.

A summary of the City's claims activity for the fiscal year ended September 30, 2002 and 2001 is as follows (in thousands):

	Worker's Compensation Claims	General Liability Claims	Total
Balance at October 1, 2000	\$ 43,023	\$ 10,300	\$ 53,323
Additions	15,182	13,511	28,693
Payments	(11,727)	(1,111)	(12,838)
Balance at September 30, 2001	\$ 46,478	\$ 22,700	\$ 69,178
Additions	27,125	5,413	32,538
Payments	(13,862)	(2,013)	(15,875)
Balance at September 30, 2002	<u>\$ 59,741</u>	<u>\$ 26,100</u>	<u>\$ 85,841</u>

CITY OF LONG BEACH
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2002

Component Unit

Under its insurance program, the LBT retains the risk for each occurrence of worker's compensation and public liability and property damage claimed up to \$1,000,000. Claims in excess of \$1,000,000 for either worker's compensation or public liability and property damage are covered under policies in force with an independent insurer. The amount of settlements for both worker's compensation and public liability and property damage did not exceed the insurance coverage limits in fiscal year 2002.

The LBT's policy is to estimate and recognize losses on the accrual basis, including estimates of claims incurred but not reported, based on the report of the LBT's independent claims manager, and to maintain designated cash and investments to fund the estimated liabilities.

The changes in estimated liabilities for reported claims are as follows for the LBT (in thousands):

	Public Liability and Property Damage	Worker's Compensation	Total
Fiscal year 2001 beginning balance	\$ 1,258	\$ 1,485	\$ 2,743
Reserves:			
New claims	766	1,290	2,056
Adjustments to existing claims	216	2,153	2,369
Payouts	(1,032)	(2,985)	(4,017)
Fiscal year 2001 ending balance	\$ 1,208	\$ 1,943	\$ 3,151
Reserves:			
New claims	789	501	1,290
Adjustments to existing claims	300	2,977	3,277
Payouts	(981)	(2,795)	(3,776)
Fiscal year 2002 ending balance	<u>\$ 1,316</u>	<u>\$ 2,626</u>	<u>\$ 3,942</u>

CITY OF LONG BEACH
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2002

NOTE 15 – GOVERNMENTAL ACTIVITIES FUND BALANCE

The composition of the reserved portion of the governmental activities fund balance at September 30, 2002 is as follows (in thousands):

	General Fund	Major Governmental Funds Other than General Fund	Nonmajor Governmental Funds
Reserved for:			
Other Noncurrent Receivables (a)	\$ 95,259	\$ 30,869	\$ -
Asset Seizure Money (b)	5,396	-	-
Encumbrances	1,858	25,911	1,899
Future Advances to Other Funds - restricted by City Charter	1,486	-	-
Transportation Projects (c)	-	-	19,193
Housing Development - restricted by State law	-	77	-
Future Projects	11,177	63,614	-
Land Held For Resale	-	42,738	-
Estimated Oil Field Abandonment Costs	-	-	1,916
Debt Service Covenants	7,928	36,320	150
Totals	<u>\$ 123,104</u>	<u>\$ 199,529</u>	<u>\$ 23,158</u>

- (a) The reserve for noncurrent receivables represents long-term loan receivables and long-term advances to other funds not available to finance current expenditures because receipt is not anticipated in the near future since there is no specified repayment dates for these advances. The General Fund reserve for noncurrent receivables funds consists of \$90,370,000 due from the Redevelopment Capital Projects Fund, based on a cooperative agreement in which the City agreed to advance funds to use on redevelopment projects. Debt service payments to the General Fund are expected as future property tax increment funds become available. At this time there is no repayment schedule. In addition, \$2,883,000 is due from the Airport Enterprise Fund for City services and \$2,000,000 is due from the Health Fund for advances to cover cash flow. Repayment from the Airport is dependant on Airport revenues from flights. There is no repayment date for the Health Fund advance.

Other major governmental fund advances to other funds consist of \$21,682,000 due to the Housing Development Special Revenue Fund from the Redevelopment Capital Projects Fund, \$4,467,000 due to the Community Development Grants Fund from the Housing Development Special Revenue Fund and \$1,877,000 due to the General Capital Projects Fund from the Redevelopment Capital Projects Fund. Repayments depend on available future tax revenue increments.

CITY OF LONG BEACH
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2002

The balance of \$2,843,000 mainly represents long-term notes receivable for the Redevelopment Agency and Housing Development Special Revenue Fund, which do not provide current available resources.

- (b) The reserve for asset seizure funds accounts for monies received from the sale of assets seized under probable cause in a criminal investigation. The resulting funds must be used to enhance criminal investigations, detection and prosecution, and shall not supplant the existing Police Department budget.
- (c) The reserve for transportation projects represents the fund balance of the Transportation Fund Special Revenue Fund which is restricted for use to specified transportation projects requiring advance approval of the Los Angeles County Transportation Commission.

Fund Deficits

The accumulated deficits in the Insurance and Employee Benefits Internal Service Funds are \$44,225,000 and \$20,090,000, respectively. City Management believes the cash position is sufficient to cover the current costs related to retired health insurance, worker's compensation, general liability claims and current operating costs in the Insurance and Employee Benefits Internal Service Funds. City Management intends to adjust billings to City departments as needed to ensure that adequate cash positions are maintained.

At September 30, 2002, the City's Redevelopment Agency had a deficit fund balance of \$25,830,000. Such deficit was created by funding redevelopment projects through the issuance of long-term indebtedness to outside entities and the City of Long Beach. The Redevelopment Agency's management believes that future property tax increments and property sales to developers will be sufficient to ultimately eliminate such deficit in future years. The advances from the City have no specified repayment date.

CITY OF LONG BEACH
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2002

NOTE 16 – RECONCILIATION OF ACTUAL REVENUES AND EXPENDITURES TO THE NON-GAAP BUDGETARY BASIS

The following reconciles actual revenues and expenditures for governmental funds to the non-GAAP budgetary basis by fund type for the fiscal year ended September 30, 2002 (in thousands):

	General Fund	Major Governmental Funds Other than General Fund	Nonmajor Governmental Funds	Total
Beginning Fund Balance - Budgetary Basis	\$ 170,270	\$ (39,788)	\$ 35,932	\$ 166,414
Actual (GAAP-Basis) Revenues	312,572	94,918	116,471	523,961
Basis Adjustments:				
Proceeds from Sale of Land Held for Resale	-	2,374	-	2,374
Advances to/from Other Funds	3,334	15	-	3,349
Revenues on the Budgetary Basis	315,906	97,307	116,471	529,684
Actual (GAAP-Basis) Expenditures	353,846	114,235	113,493	581,574
Basis Adjustments:				
Encumbrances Outstanding at September 30, 2002	1,858	25,912	1,899	29,669
Current Effect of Capitalization of Land Held for Resale	-	1,876	-	1,876
Advances to/from Other Funds	-	6,564	-	6,564
Expenditures - Budgetary Basis	355,704	148,587	115,392	619,683
Excess of Revenues Over (Under) Expenditures - Budgetary Basis	(39,798)	(51,280)	1,079	(89,999)
Other Financing Sources (Uses) (GAAP-Basis)	37,670	97,140	(1,468)	133,342
Basis Adjustments:				
Reconveyance of Land	-	(426)	-	(426)
Advances to/from Other Funds	(2,602)	(1,597)	-	(4,199)
Other Financing Sources - Budgetary Basis	35,068	95,117	(1,468)	128,717
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses - Budgetary Basis	(4,730)	43,837	(389)	38,718
Ending Fund Balance - Budgetary Basis	\$ 165,540	\$ 4,049	\$ 35,543	\$ 205,132

The City's budget in any given fiscal year is incremented by the amount of encumbrances outstanding at the end of the prior fiscal year in accordance with City Council adopted ordinance.

**CITY OF LONG BEACH
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2002**

NOTE 17 – SEGMENT INFORMATION FOR BUSINESS-TYPE ACTIVITIES FUNDS

The City has issued various revenue bonds to finance the purchase of the Aquarium of the Pacific, the Marina facilities and the Rainbow Harbor Area infrastructure improvements. Each of the revenue bonds is accounted for in the City's Tidelands Fund. Investors in the revenue bonds rely solely on the revenue generated by the individual activities for repayment.

The Aquarium of the Pacific 2001 revenue bonds, issued in the amount of \$129,520,000, is accounted for in the Tideland Operating segment. The Tideland Operating segment is used to account for the business-type operations of the Long Beach Convention and Entertainment Center, as well as beach maintenance and beach/water safety programs directly related to the tidelands area, including lifeguards and patrol boats. Beginning with the 1997 fiscal year, leases for areas adjacent to the Queen Mary were also included in the Tideland Operating segment. The Tideland Operating segment had purchase of goods and services and construction project commitments of \$1,476,000.

The 1994 Marina Subordinate Revenue bond, issued in the amount of \$1,310,000 and the 1995 Marina Refunding Revenue bond issued in the amount of \$31,725,000 are accounted for in the Marina segment. The Marina segment is used to account for the enterprise operations of the City's Alamitos Bay and Downtown Marinas. The Marina segment had commitments of \$1,140,000 for the purchase of goods, services and construction.

The 1999 Rainbow Harbor Financing Project Revenue Bonds, issued in the amount of \$47,970,000, is accounted for in the Rainbow Harbor Area segment. The Rainbow Harbor Area segment is used to account for the Rainbow Harbor Area administration, the Rainbow Harbor financing and the Aquarium parking structure financing operations. The Rainbow Harbor Area segment had commitments of \$104,000 for the purchase of goods, services and construction.

The Parking Authority issued \$5,855,000 in Certificates of Participation to partially fund the Aquarium of the Pacific Parking Structure. Money from the Rainbow Harbor Area segment is pledged for the debt service payment.

CITY OF LONG BEACH
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2002

Summary financial information for each segment is presented below (in thousands) as of September 30, 2002:

City of Long Beach Business-Type Activities Tidelands Fund Segments Statement of Net Assets September 30, 2002 (In Thousands)			
	<u>Tideland Operating</u>	<u>Marina</u>	<u>Rainbow Harbor Area</u>
ASSETS			
Current Assets:			
Pooled Cash and Cash Equivalents	\$ 6,902	\$ 2,430	\$ 2,567
Receivables:			
Interest Receivable	-	-	105
Accounts Receivable	1,284	118	158
Due from Other Governments	840	491	-
Due from Other Funds	8,677	-	-
Capital Leases Receivable-Current	264	-	-
Allowance for Receivables	(16)	(70)	-
Inventory	-	76	-
Total Current Assets	<u>17,951</u>	<u>3,045</u>	<u>2,830</u>
Restricted Assets:			
Pooled Cash and Cash Equivalents	2,607	4,893	1,301
Non-Pooled Cash and Cash Equivalents	15,056	-	36,538
Interest Receivable	242	-	-
Total Restricted Assets	<u>17,905</u>	<u>4,893</u>	<u>37,839</u>
Noncurrent Assets:			
Noncurrent Receivables:			
Capital Lease Receivable	1,873	-	-
Capital Assets:			
Land and Other Capital Assets not being Depreciated	32,931	2,744	11,302
Capital Assets			
net of Accumulated Depreciation	227,208	28,966	54,912
Deferred Charges-Long-Term	1,968	-	-
Total Noncurrent Assets	<u>263,980</u>	<u>31,710</u>	<u>66,214</u>
Total Assets	<u>299,836</u>	<u>39,648</u>	<u>106,883</u>

CITY OF LONG BEACH
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2002

City of Long Beach
Business-Type Activities
Tidelands Fund Segments
Statement of Net Assets
September 30, 2002
(In Thousands)
(continued)

	<u>Tideland Operating</u>	<u>Marina</u>	<u>Rainbow Harbor Area</u>
LIABILITIES			
Current Liabilities Payable from Current Assets:			
Accounts Payable	\$ 141	\$ 663	\$ 826
Accrued Wages	103	96	18
Accrued Interest Payable	8	254	-
Due to Other Funds	607	27	5
Deferred Revenues	117	1,926	25
Collections Held in Trust	24	15	32
Obligations Under Capital Leases-Current	1,582	-	-
Bonds Payable Due Within One Year	-	1,437	80
Other Long-Term Obligations-Current	30	564	242
Total Current Liabilities	<u>2,612</u>	<u>4,982</u>	<u>1,228</u>
Current Liabilities Payable from Restricted Assets:			
Accrued Interest Payable	2,732	-	1,135
Bonds Payable Due Within One Year	-	1,348	-
Total Liabilities Payable from Restricted Assets	<u>2,732</u>	<u>1,348</u>	<u>1,135</u>
Noncurrent Liabilities:			
Advances from Other Funds	9,513	-	-
Obligations Under Capital Leases-Current	11,223	-	-
Other Long-Term Obligations	1,068	5,692	5,462
Unamortized Discount/Deferred cost	-	-	(266)
Bonds Payable	129,520	15,770	47,825
Unamortized Discount/Deferred cost	<u>(15,908)</u>	<u>(1,036)</u>	<u>(2,534)</u>
Total Noncurrent Liabilities	<u>135,416</u>	<u>20,426</u>	<u>50,487</u>
Total Liabilities	<u>140,760</u>	<u>26,756</u>	<u>52,850</u>
NET ASSETS			
Investment in Capital Assets, Net of Related Debt	132,624	7,935	15,405
Restricted for:			
Debt Service	10,788	3,545	4,562
Capital Projects	-	-	32,142
Aquarium Operations and Maintenance Reserve	4,385	-	-
Unrestricted	<u>11,279</u>	<u>1,412</u>	<u>1,924</u>
Total Net Assets	<u>\$ 159,076</u>	<u>\$ 12,892</u>	<u>\$ 54,033</u>

CITY OF LONG BEACH
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2002

City of Long Beach
Business-Type Activities
Tidelands Fund Segments
Statement of Revenues, Expenses and Changes in Fund Net Assets
For the Fiscal Year Ended September 30, 2002
(In Thousands)

	Tideland Operating	Marina	Rainbow Harbor Area
Operating Revenues:			
Licenses and Permits	\$ 8	\$ -	\$ -
Fines and Forfeitures	139	-	-
Fees, Concessions and Rentals	4,754	15,498	2,486
From Other Agencies	22,065	-	-
Charges for Services	794	66	-
Other	23	-	-
Total Revenues	<u>27,783</u>	<u>15,564</u>	<u>2,486</u>
Operating Expenses:			
Personal Services	6,877	6,516	930
Maintenance and Other Operations	11,521	4,296	2,361
Payments to Other Entities	19,225	-	508
Depreciation	9,910	1,719	2,206
Total Operating Expenses	<u>47,533</u>	<u>12,531</u>	<u>6,005</u>
Operating Income (Loss)	<u>(19,750)</u>	<u>3,033</u>	<u>(3,519)</u>
Non-Operating Income (Expense):			
Interest Income	5,715	294	350
Interest Expense	(9,405)	(1,263)	(3,002)
Gain on Disposition of Fixed Assets	-	48	-
Other Income	9	632	34
Total Non-Operating Expense	<u>(3,681)</u>	<u>(289)</u>	<u>(2,618)</u>
Income (Loss) Before Contributions and Operating Transfers	<u>(23,431)</u>	<u>2,744</u>	<u>(6,137)</u>
Capital Grants and Contributions	-	-	32,142
Transfers:			
Transfers In	15,160	-	5,119
Transfers Out	<u>(5,119)</u>	<u>-</u>	<u>-</u>
Change in Net Assets	<u>(13,390)</u>	<u>2,744</u>	<u>31,124</u>
Net Assets - October 1, as restated	168,682	13,932	22,909
Residual Equity Transfers, Net	<u>3,784</u>	<u>(3,784)</u>	<u>-</u>
Net Assets - September 30	<u><u>\$ 159,076</u></u>	<u><u>\$ 12,892</u></u>	<u><u>\$ 54,033</u></u>

CITY OF LONG BEACH
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2002

City of Long Beach
Business-Type Activities
Tidelands Major Segments
Statement of Cash Flows
For the Fiscal Year Ended September 30, 2002
(In Thousands)

<u>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u>	<u>Tideland Operating</u>	<u>Marina</u>	<u>Rainbow Harbor Area</u>
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 6,079	\$ 15,616	\$ 2,369
Receipts from Other Governments	21,381	-	-
Payments for Employee Salaries	(6,839)	(6,527)	(915)
Payments for Goods and Services	(11,516)	(3,742)	(3,010)
Payments to Other Entities	(19,225)	-	-
Other Income	9	21	34
Net Cash Provided by (Used for) Operating Activities	<u>(10,111)</u>	<u>5,368</u>	<u>(1,522)</u>
Cash Flows from Non-Capital Financing Activities:			
Transfers In	15,297	-	5,119
Transfers Out	<u>(5,119)</u>	<u>-</u>	<u>-</u>
Net Cash Provided by Non-Capital Financing Activities	<u>10,178</u>	<u>-</u>	<u>5,119</u>
Cash Flows from Capital and Related Financing Activities:			
Receipt of Capital Grants	-	153	-
Proceeds from the Sale of Capital Assets	-	48	-
Receipts of Contributed Capital	-	-	32,142
Principal Received on Capital Leases	240	-	-
Payments for Capital Acquisitions	(2,090)	(1,359)	(129)
Payments of Principal on Bonds Payable	-	(2,379)	-
Payments of Principal on Other Long- Term Obligations	(2,011)	(460)	(297)
Payments of Interest	<u>(8,479)</u>	<u>(1,096)</u>	<u>(2,805)</u>
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>(12,340)</u>	<u>(5,093)</u>	<u>28,911</u>
Cash Flows from Investing Activities:			
Receipts of Interest	<u>5,715</u>	<u>294</u>	<u>349</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(6,558)	569	32,857
Cash and Cash Equivalents - October 1	<u>31,123</u>	<u>6,754</u>	<u>7,549</u>
Cash and Cash Equivalents - September 30	<u>\$ 24,565</u>	<u>\$ 7,323</u>	<u>\$ 40,406</u>

CITY OF LONG BEACH
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2002

City of Long Beach
Business-Type Activities
Tidelands Fund Segments
Statement of Cash Flows
For the Fiscal Year Ended September 30, 2002
(In Thousands)
(Continued)

<u>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</u>	<u>Tideland Operating</u>	<u>Marina</u>	<u>Rainbow Harbor Area</u>
Operating Income (Loss)	<u>\$ (19,750)</u>	<u>\$ 3,033</u>	<u>\$ (3,519)</u>
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used for) Operating Activities:			
Depreciation and Amortization Expense	9,910	1,719	2,206
Other Income	9	21	34
(Increase) Decrease in Accounts Receivable, Net	500	2	(117)
Increase in Amounts Due from Other Governments	(685)	-	-
Increase in Accounts Payable	5	559	355
Increase (Decrease) in Accrued Wages Payable	39	(11)	15
Decrease in Amounts Due to Other Funds	-	(5)	(496)
Increase (Decrease) in Deferred Revenues	(42)	50	-
Decrease in Collections Held in Trust	<u>(97)</u>	<u>-</u>	<u>-</u>
Total Adjustments	<u>9,639</u>	<u>2,335</u>	<u>1,997</u>
Net Cash Provided by (Used for) Operating Activities	<u><u>\$ (10,111)</u></u>	<u><u>\$ 5,368</u></u>	<u><u>\$ (1,522)</u></u>

CITY OF LONG BEACH
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2002

The City also conducts Business-type services that provide gas/gas transmission, water, airport, refuse collection, sewer and towing services. Segment information for the Business-type activities funds at September 30, 2002, and for the fiscal year then ended, are as follows (in thousands):

<u>Business-Type Activities Major Activities</u>	<u>Gas</u>	<u>Water</u>	<u>Solid Waste Management</u>	<u>Tidelands</u>	<u>Tideland Oil Revenue</u>	<u>Harbor</u>	<u>Total Major Funds</u>
Operating Revenues	\$ 62,301	\$ 58,969	\$ 67,931	\$ 46,185	\$ 44,375	\$ 223,999	\$ 503,760
Depreciation Expense	3,185	7,748	4,919	14,095	-	53,027	82,974
Operating Income (Loss)	7,827	2,897	4,571	(20,144)	23,335	130,887	149,373
Non-Operating Income (Expense)	515	(664)	(533)	(6,588)	(15,365)	(31,634)	(54,269)
Transfers Net	(7,851)	-	-	-	(3,493)	(8,677)	(20,021)
Change in Net Assets	491	3,319	4,038	20,114	4,477	90,576	123,015
Current Capital Contributions (net)	-	(16)	-	32,142	-	-	32,126
Capital Assets:							
Additions	(4,690)	(14,429)	252	(4,210)	-	(263,405)	(286,482)
Deletions, At Historical Cost	(366)	(619)	-	48	-	(10,426)	(11,363)
Net Working Capital	16,282	4,831	57,650	15,004	70,987	215,755	380,509
Total Assets	87,863	230,869	151,425	458,176	291,150	2,937,634	4,157,117
Bonds and Other Long-Term Liabilities Payable from							
Operating Revenues	15,267	44,930	139,579	220,391	269,051	1,415,210	2,104,428
Total Net Assets	<u>\$ 72,596</u>	<u>\$ 185,939</u>	<u>\$ 11,846</u>	<u>\$ 237,785</u>	<u>\$ 22,099</u>	<u>\$ 1,522,424</u>	<u>\$ 2,052,689</u>

Included in non-operating income for the Solid Waste Management Enterprise Fund are operating grants totaling \$1,173,000 received for the recycling program during fiscal year September 30, 2002.

<u>Business-Type Activities Minor Activities</u>	<u>Sewer</u>	<u>Airport</u>	<u>Towing</u>	<u>Subsidence</u>	<u>Total Nonmajor Activities</u>	<u>Total Business-Type Activities</u>
Operating Revenues	\$ 8,050	\$ 13,357	\$ 5,448	\$ -	\$ 26,855	\$ 530,615
Depreciation Expense	1,171	1,996	15	-	3,182	86,156
Operating Income (Loss)	513	(3,364)	(326)	-	(3,177)	146,196
Non-Operating Income (Expense)	312	824	63	3,187	4,386	(49,883)
Transfers Net	-	-	-	-	-	(20,021)
Change in Net Assets	1,008	740	(263)	3,187	4,672	127,687
Current Capital Contributions (net)	13	2,979	-	-	2,992	35,118
Capital Assets:						
Additions	(5,915)	(5,886)	-	-	(11,801)	(298,283)
Deletions, At Historical Cost	(30)	-	-	-	(30)	(11,393)
Net Working Capital	8,742	(1,508)	1,106	-	8,340	388,849
Total Assets	46,831	42,945	1,392	145,025	236,193	4,393,310
Bonds and Other Long-Term Liabilities Payable from						
Operating Revenues	1,241	19,030	93	2,272	22,636	2,127,064
Total Net Assets	<u>\$ 45,590</u>	<u>\$ 23,915</u>	<u>\$ 1,299</u>	<u>\$ 142,753</u>	<u>\$ 213,557</u>	<u>\$ 2,266,246</u>
Total Business Activities Net Assets						\$ 2,266,246
Internal Service Funds Consolidation						(4,658)
Net Assets of Business-Type Activities						<u>\$ 2,261,588</u>

**CITY OF LONG BEACH
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2002**

NOTE 18 – SOUTHEAST RESOURCE RECOVERY FACILITY

The Southeast Resource Recovery Facility (SERRF) Authority was formed as a joint powers authority between the City and Los Angeles County Sanitation District No. 2 in December, 1984. Subsequent to SERRF's formation, lease revenue bonds were issued to construct a waste-to-energy facility, and contracts for the design, construction and demonstration of a plant were executed and completed. Subsequent complex contractor litigation ensued and was settled in 1994.

A final settlement to the contractor litigation provided that the City would receive \$6 million in cash and approximately \$10 million over a 20 year period in monthly installments which began in 1999. Additionally, a \$6 million payment from the present operator for future improvements has been accounted for as contributed capital. The long-term portion of future payments receivable from the former contractor of approximately \$10 million, has been accounted for as a receivable and deferred revenue. The long-term receivable at September 30, 2002 is \$7,641,000 with the current portion recognized as revenue during the fiscal year aggregating \$501,000.

In October 1995 the lease was revised since the SERRF Authority refunded the 1985, 1985-1 and 1986 bond issues with the SERRF 1995 Revenue Bond issue. The lease payment is equal to debt service payments with a maximum annual payment of \$25,000,000.

NOTE 19 – OIL ABANDONMENT LIABILITY

As mentioned in Note 1, the City is required to administer certain tideland properties in trust for the State of California. Significant enterprise operations are conducted in this Tidelands Trust area of the City. Revenues received from the City's tidelands area Business-type operations are restricted by state law to tidelands-related purposes. The trust agreement provides for the establishment of separate operating funds to account for the various activities conducted in the City's tidelands areas, as described on the following pages.

Tideland Oil Revenues

The City, acting as trustee for the State of California, utilizes contractors to oversee oil production on the tideland portion of the Wilmington Oil Field. Oil revenues (net of administrative and operating expenses, a \$1,000,000 fixed annual retention by the City, and the City's participation in the Optimized Waterflood Program Agreement as authorized by Chapter 941 of the State of California special legislative session of 1991) are remitted to the State of California. Funds retained by the City are restricted by law for tidelands-related purposes. Eligible purposes include expenses of the City's marinas, beaches, waterways, and its convention center.

The City also withholds an amount equivalent to the State's estimated share in the costs of future abandonment and site clearance of the oil properties. This estimate is based on the number and life of productive wells, general changes in the life of the oil field, and changes in oil prices. Amounts withheld are maintained in a separate interest bearing

CITY OF LONG BEACH
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2002

account within the Tideland Oil Revenue Fund and are only expended for the specific purpose of oil field abandonment when ongoing operations are unable to fund such expenses. For fiscal year 2002, the cost of future abandonment or unfunded liability was calculated at \$1.585 per barrel of oil produced. This brought the total amount withheld for future abandonment to \$59,000,000 as of September 30, 2002. The remaining unfunded abandonment liability is estimated at \$241,300,000.

The City's proprietary ownership interests in the Wilmington Oil Field bear a proportionate share of oil field abandonment costs. Such share is presently estimated at \$4,100,000 of which \$1,916,800 has been funded as of September 30, 2002 in the Upland Oil Properties Special Revenue Fund.

Subsidence

In accordance with State legislation, the City established a Reserve for Subsidence Contingencies to indemnify the City, State and Contractors for claims or costs arising from subsidence alleged to have resulted from oil operations. A maximum of \$40,000,000, plus accrued interest, was originally set-aside for this purpose. Under provisions of state law that allowed the State's contractors to substantially increase oil production, and for a period of eight years that ended December 31, 1999, the City's Tidelands Fund received 50% of the interest earnings on the Reserve for Subsidence Contingences while the other 50% accrued to the Subsidence Fund. After the expiration of the said provisions, and for a period of four years beginning January 1, 2000, 50% of the interest earnings will be paid to the State of California and while the other 50% accrues to the Subsidence Fund. As of September 30, 2002, the reserve balance within the Subsidence Fund was \$142,753,000.

Harbor Operations

The City operates the Port of Long Beach. Leasing activities comprise a large portion of the Port's revenues. A provision for costs related to the abandonment and site clearance of oil properties purchased in March 1994 approximates \$26,313,000. A provision for the long-term abandonment costs in the amount of \$26,313,000 and \$26,400,000 has been recorded at September 30, 2002 and 2001, respectively, as a long-term obligation. Estimates of abandonment costs are reviewed annually, and adjusted to reflect modifications in abandonment practices, number and life of productive wells, varying abandonment expenses, general changes in the life of the oil field and changes in oil price levels.

NOTE 20 – INVESTMENT IN JOINT VENTURES

The City and its component financial reporting units are involved in several joint ventures with other governmental agencies. Most notably, these joint ventures involve the City's Harbor Department operating in conjunction with the Port of Los Angeles to maintain an intermodal transfer facility and to establish a comprehensive transportation corridor. Such joint ventures are generally established to facilitate development of facilities or projects for a common good. Financial interests in these joint ventures have been included in the accompanying basic financial statements as a business-type activity and use the equity method of accounting. Individually, and in the aggregate, the results of financial

CITY OF LONG BEACH
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2002

operations and investment in the aforementioned joint ventures are not material to the City and its affected component financial reporting units. Separate financial statements for these joint ventures are available from the Finance Director of the Port of Long Beach.

Intermodal Container Transfer Facility Joint Powers Authority (ICTF)

The City's Harbor Department and the Port of Los Angeles (Venturers) have entered into a joint venture agreement to form the Intermodal Container Transfer Facility Joint Powers Authority (ICTF) to finance and construct a facility to transfer cargo containers between trucks and railroad cars. The facility is leased to Southern Pacific Transportation Company, now merged with Union Pacific Railroad (tenant). The facility has been fully developed by the tenant who has assumed operational responsibility for the facility. The Venturers share net income and equity distributions from ICTF equally. A condensed, audited balance sheet as of June 30, 2002, and statement of income and venturer's equity for the year then ended are as follows:

ICTF
Condensed Balance Sheet
June 30, 2002
(In Thousands)

	<u>2002</u>
Current Assets	\$ 8,502
Property and Equipment	3,707
Total Assets	<u>\$ 12,209</u>
Current Liabilities	<u>\$ 2</u>
Venturer's Equity:	
Port of Long Beach Harbor Department	5,931
Port of Los Angeles	6,276
Total Venturer's Equity	<u>12,207</u>
Total Liabilities and Venturers' Equity	<u>\$ 12,209</u>

Condensed Statement of Income and Venturer's Equity
for the Year Ended June 30, 2002
(In Thousands)

	<u>2002</u>
Operating Revenues	\$ 8,673
Operating Expenses	<u>(108)</u>
Operating Income	8,565
Interest Income	181
Net Income	<u>8,746</u>
Venturers' equity, July 1	10,961
Cash Disbursement to Venturers	<u>(7,500)</u>
Venturers' Equity, June 30	<u>\$ 12,207</u>

CITY OF LONG BEACH
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2002

Pursuant to an Indenture of Trust dated November 1, 1984, ICTF issued \$53,900,000 of 1984 Series A bonds on behalf of the tenant to construct the facility. On May 1, 1989, ICTF issued \$52,300,000 of 1989 Series A Refunding Revenue Bonds on behalf of the tenant to advance refund the 1984 Series A bonds. The bonds are payable solely from payments by the tenant under a long-term lease agreement for use of the facility. The nature of the bonds is such that the long-term indebtedness is that of the tenant and not of ICTF, the City's Harbor Department or the Port of Los Angeles.

Pursuant to an Indenture of Trust, dated as of October 1, 1999, ICTF issued its Intermodal Container Transfer Refunding Revenue Bonds, 1999 Series A (the 1999 Bonds). In connection with the issuance of the 1999 Bonds, Union Pacific Railroad Company and ICTF entered into a Second Amended and Restated Installment Sale and Security Agreement, dated as of October 1, 1999. The proceeds of the 1999 Bonds, together with certain other funds, were used by ICTF to redeem all of the Intermodal Container Transfer Facility Refunding Revenue Bonds, 1989 Series A currently outstanding.

NOTE 21 – DEFERRED COMPENSATION

The City offers all of its employees a deferred compensation plan (Plan) created in accordance with Internal Revenue Code, Section 457. The Plan permits employees to defer a portion of their salary until future years. All amounts of compensation deferred under the Plan, all property and rights purchased with those amounts, and all income attributable to those amounts are held in such trust accounts for the exclusive benefit of the City employee participants and their beneficiaries.

While the City has full power and authority to administer and to adopt rules and regulations for the Plan, all investment decisions under the Plan are the responsibility of the Plan participants. The City has no liability for losses under the Plan, but does have the duty of due care that would be required of an ordinary prudent investor. The accumulated assets of the Plan are not required to be reported in the accompanying basic financial statements.

If Plan participants retire or terminate service with the City, they may be eligible to receive payments under the Plan in accordance with provisions thereof. In the event of serious financial emergency, the City may approve, upon request, withdrawals from the Plan by the participants, along with their allocated contributions.

CITY OF LONG BEACH
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2002

NOTE 22 – COMMITMENTS AND CONTINGENCIES

Commitments

At September 30, 2002, business type fund commitments for construction projects and for purchases of goods and services are as follows (in thousands):

Gas	\$ 185
Water	4,645
Sewer	5,275
Airport	51
Solid Waste Management	9
Tidelands	2,720
Harbor	114,714
Total	<u>\$127,599</u>

At September 30, 2002 the City's commitments for governmental activity construction projects and for purchase of goods and services aggregated \$9,789,000.

The Component Unit, Long Beach Transportation Company has \$21,706,000 in purchase commitments at June 30, 2002, mainly for the purchase of new buses and an advanced communication system.

Health Insurance

The City contracts with an insurance company to provide group health insurance to City employees. In an effort to maintain rates at acceptable levels, the City deposited with the insurance company certain securities valued at approximately \$5,000,000 to cover terminal liability claims. The securities are included in the City's pooled cash and investments and all interest earned on the securities accrues to the City. In the event of the City terminating its contract with the insurance company, the securities will be returned to the City.

Self Insurance

The City is the subject of numerous claims seeking recovery of monetary amounts. Such claims generally occur in the normal course of business and arise from several causes of action including general liability, employment related matters, alleged violations of civil rights, recovery of questioned grant costs and other incidental issues.

As stated in Note 14, the City is self-insured for its workers' compensation and liability claims. As claims are made against the City, they are routinely evaluated and appropriate accrued liabilities are recorded. Certain of these claims may ultimately reach the trial level and could result in judgments against the City. While the ultimate adverse effect, if any, of claims and judgments against the City cannot be estimated with certainty, it is the opinion of management, based upon consultation with the City Attorney and outside legal counsel as applicable, that such judgments against the City will not have a material adverse effect on the City's financial position beyond that already accrued for in the basic financial statements.

CITY OF LONG BEACH
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2002

Environmental Remediation

In March 1994 the City's Harbor Department purchased 725 acres of property within the Harbor District. The property contains soil which will require remediation of environmentally hazardous materials for the portion of the property that the Harbor Department chooses to develop. Should such remediation be deemed necessary, the Harbor Department's liability is mitigated by provisions of the purchase agreement that call for a portion of the fiscal responsibility for remediation costs to be placed on Union Pacific Resources Company (UPRC), the seller, for a period not to exceed fifteen years and amounts not to exceed \$112,500,000 according to the following table:

Allocation:

Site Remediation Costs	UPRC	Harbor Department
First \$50,000,000	\$ 50,000,000	\$ ---
Second \$50,000,000	25,000,000	25,000,000
Third \$50,000,000	12,500,000	37,500,000
Fourth \$50,000,000	25,000,000	25,000,000
All Additional Costs	---	100%
Maximum UPRC Liability	<u>\$ 112,500,000</u>	

Currently, the Harbor Department has developed 131 acres and has plans to develop an additional 160 acres. Clean-up costs for both of these areas are not anticipated to exceed the first \$50,000,000 tier above.

In December 1994, the Harbor Department purchased the right-of-way over property from Southern Pacific Railroad Company (SPRC). The Harbor Department intends to develop this property as part of the Alameda Corridor Project. Based on preliminary assessments, the property may contain hazardous substances requiring remediation or abatement due to pre-existing environmental conditions. The Harbor Department's liability is mitigated by a reimbursement from SPRC in the amount of \$7,500,000. The Long Beach Harbor Department's liability is also mitigated by provisions of the purchase agreement which state that a portion of the fiscal responsibility for remediation costs should be absorbed by SPRC (i.e., fifty-percent of environmental losses in excess of \$25,000,000, on a cumulative basis for all pre-existing environmental conditions).

In September 1995, the City assumed responsibility for approximately 100 acres of land from the City's Water Department which includes potential future costs related to remediation of hazardous materials on the properties. No estimated amount is available since the project designated for this land has not been completed.

Alameda Corridor Development Project

In December 1994, the City's Harbor Department and the Port of Los Angeles (collectively the Ports) executed the purchase of the rights-of-way needed for the development of the Alameda Corridor Project (the Corridor), which will be a comprehensive

CITY OF LONG BEACH
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2002

transportation corridor between the Ports and the central Los Angeles area. The Ports purchased these rights, sharing the cost equally with the railroad companies serving the Ports. With the development of the Corridor, the Ports will consolidate the rail services of these railroad companies onto a single set of rail lines, thus improving rail transportation conditions, securing efficient and competitive service to and from the Ports, and providing for public safety and convenience along the route on which Ports related traffic occurs.

As of September 30, 2002, the total cost to the City's Harbor Department related to the rights-of-way purchase amount to \$207,500,000.

Construction of the Corridor began in 1997 and was completed in April 2002. Construction funds were provided from federal, state, and local sources, and from issuance of debt. Repayment to the City's Harbor Department for monies advanced and its initial investment in the corridor right-of-way acquired will occur once the Alameda Corridor Transportation Authority (ACTA) has generated sufficient revenues to retire all debt and provide for a maintenance reserve. The Harbor Departments management estimates that as much as \$463 million could be returned to the Port of Long Beach Harbor Department through the year 2037.

The Alameda Corridor Use and Operating Agreement executed between the Harbor Department, the Port of Los Angeles, ACTA, and the participating railroads, provides for a payment of funds to be made to ACTA by the Harbor Department and the Port of Los Angeles under certain circumstances. Revenues generated by Use Fees and Container Charges, paid by the railroads, will be used to pay debt service on the corridor financing, to establish and maintain a reserve account, and to pay ACTA's reasonable administration expenses.

To the extent that such fees and charges are not sufficient to meet ACTA's obligations, the Harbor Department and the Port of Los Angeles are required to advance the funds necessary to make up the difference. This obligation begins after substantial completion of the Corridor project and is limited to a total of 40% of the total annual required amount, with the Harbor Department and the Port of Los Angeles sharing the costs equally. Any advances made by the Harbor Department and the Port of Los Angeles are reimbursable with interest after maturity of the debt. The maximum amount that the Harbor Department could be obligated for is \$88.1 million, payable from the year 2004 to 2019, in annual amounts ranging from \$692,000 to \$10.6 million. Repayment with interest of this amount to the Harbor Department may begin in 2018.

Environmental Mitigation Costs

In 1997, the Long Beach Harbor Department disbursed approximately \$39.4 million to secure environmental mitigation credits. An agreement between the Port and the Harbor Department of the City of Los Angeles, and several federal and state regulatory agencies provided for the Harbor Department's purchase of land located within the wetlands restoration project at the Bolsa Chica Wetlands in Orange County, California. Such land was transferred to the State in return for environmental mitigation credits to allow for the construction of up to 267 acres of landfill in the City's outer Harbor Area. Costs incurred in the acquisition of the land were classified as non-current assets. During the year ended September 30, 2002, the Harbor Department completed landfills that required the utilization

CITY OF LONG BEACH
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2002

of \$5.1 million of the available credits. The balance of environmental mitigation costs will be adjusted as landfill credits are used for port development.

Pike Public Improvements

During the year, the City issued special assessment debt under the authority of the Mello-Roos Community Facilities Act for public improvements, mainly a parking facility, in the Pike Development Project area (Note 9). Although the debt does not constitute an indebtedness of the City, in order to facilitate such financing, the parking facility will be sublet to the City for the purposes of issuance of the Mello-Roos Bonds pursuant to a City sublease. According to the sublease, the City may be subject to an annual calculated lease payment up to \$1,169,000.

Redevelopment Agency Bond Issue

The City's Redevelopment Agency issued \$47,780,000 in Tax Allocation Bonds in November, 2002 for the Downtown and West Long Beach Industrial Projects. The Agency will refund and defease an aggregate principal amount of \$25,670,000 of the Series 1992 A Downtown Bonds, to reduce the interest cost on the bonds, based on the current market conditions, fund certain redevelopment projects and pay the cost of issuance.

The Redevelopment Agency intends to refund a portion of the West Long Beach Industrial Project Tax Allocation Bonds Series 1992, repay certain advances from the Harbor Fund, fund the reserve account and pay cost of issuance.

Component Unit – Long Beach Transportation Company (LBT)

In June 2000, the South Coast Air Quality Management District (SCAQMD) adopted a new ruling requiring transit operators to purchase only alternative fuel vehicles that meet certain air emissions standards. Diesel engines, which the LBT currently operates, are specifically excluded. Neither does the ruling affect the coaches that LBT currently has on order and included in the purchase commitment amount.

After extensive review, the LBT's Board of Directors adopted an alternative fuel program using Liquefied Natural Gas (LNG). The first 20 alternative fueled coaches are estimated to arrive in fiscal year 2004. The LBT has obtained \$3 million in Federal funding to begin modification of its maintenance facilities.

City of Long Beach
Required Supplementary Information
CalPERS Analysis of Funding Progress
(Unaudited)
(In thousands)

<u>June 30 Actuarial Valuation Date</u>	<u>Entry Age Normal Accrued Liability</u>	<u>Actuarial Value of Assets</u>	<u>Excess Assets</u>	<u>Funded Status</u>	<u>Annual Covered Payroll</u>	<u>Excess Assets as a % of Covered Payroll</u>
<u>Miscellaneous Employees</u>						
1999	\$ 855,621	\$1,188,077	\$332,456	138.9%	\$141,375	235.2%
2000	925,227	1,290,468	365,241	139.5%	157,533	231.9%
2001	<u>1,073,565</u>	<u>1,371,081</u>	<u>297,516</u>	<u>127.7%</u>	<u>167,711</u>	<u>177.4%</u>
<u>Safety Employees</u>						
1999	\$ 899,798	\$1,213,370	\$313,572	134.8%	\$ 88,950	325.5%
2000	1,055,321	1,362,312	306,991	129.1%	94,103	326.2%
2001	<u>1,113,321</u>	<u>1,379,808</u>	<u>266,487</u>	<u>123.9%</u>	<u>100,629</u>	<u>264.8%</u>
<u>Safety Employees – 1959 Survivor Program</u>						
1999	\$ 134	\$ 3,117	\$ 2,983	2,328.6%	\$ 88,950	3.4%
2000	-	3,524	3,524	N/A	94,103	3.7%
2001	<u>165</u>	<u>3,838</u>	<u>3,673</u>	<u>2,325.2%</u>	<u>100,629</u>	<u>3.7%</u>

City of Long Beach
Required Supplementary Information

Public Agency Retirement System
Analysis of Funding Progress
(Unaudited)

Actuarial Valuation Date <u>June 30</u>	Actuarial Value of <u>Assets</u>	Actuarial Accrued <u>Liabilities</u>	(Funded) Unfunded Liability (excess <u>assets</u>)	Funded <u>Ratio</u>	Annual Covered <u>Payroll</u>	Rate of (Funded) Unfunded Liability to Annual <u>Covered Payroll</u>
Special Status Contractors						
1995	\$ 41,928	\$ 31,277	\$ (10,651)	134%	\$2,306,831 *	(0.5) %
1996	160,293	119,717	(40,576)	134	6,467,452	(0.6)
1997	307,157	213,710	(93,447)	144	7,705,838	(1.2)
1998	486,521	355,293	(131,228)	137	8,466,050	(1.6)
1999	644,850	420,281	(224,569)	153	9,555,890	(2.4)
2000	801,334	296,301	(505,033)	270	8,140,210	(6.2)
2001	920,527	106,186	(814,341)	867	3,413,000	(23.9)
2002	<u>1,004,167</u>	<u>89,125</u>	<u>(915,042)</u>	<u>1,127</u>	<u>1,000,124</u>	<u>(91.5)</u>
Seasonal and Temporary						
1996	\$ 24,773	\$ 17,879	\$ (6,894)	139%	\$2,682,200 **	(0.3) %
1997	78,836	33,228	(45,608)	237	6,279,392	(0.7)
1998	141,516	137,885	(3,631)	103	6,170,163	(0.1)
1999	199,499	224,641	25,142	89	6,683,590	0.4
2000	269,907	279,145	9,238	97	6,984,372	0.1
2001	396,528	304,423	(92,105)	130	7,284,767	(1.3)
2002	<u>522,419</u>	<u>385,904</u>	<u>(136,515)</u>	<u>135</u>	<u>7,472,821</u>	<u>(1.8)</u>

* The annual covered payroll is actual plan compensation paid to all actives from January 1, 1995 through June 30, 1995.

** The annual covered payroll is actual plan compensation paid to all actives from November 11, 1995 through June 30, 1996.

NONMAJOR SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable and nonexpendable trusts) that are restricted by law to expenditure for specified purposes.

The Health Fund was established to separately account for Federal/State and other revenues related to health care programs which the City operates in lieu of the County.

The CUPA Fund was established by the City to account for services relating to hazardous waste material. The City of Signal Hill participates in the services.

The Parking and Business Area Improvement Fund is used to account for the additional business license taxes and special taxes imposed by City Ordinances C-5106, C-5963, C-6646, C-24901, and C-27366 on businesses located within specified parking and business improvement areas. The revenues are to be used to provide parking facilities and generally promote the retail trade activities in the area.

The Special Advertising and Promotion Fund is required by the City's Municipal Code Section 3.64.100 to account for revenues from transient occupancy taxes. The revenues are restricted for use to advertising, promotional, and public relations projects calling attention to the City.

The Upland Oil Properties Fund was established to account for all costs and revenues for the City's proprietary oil interests and for accumulating reserves to pay for the City's portion of well-abandonment and site-clearance liabilities.

The Belmont Shore Parking Meter Revenue Fund was established by City Ordinance C-6219 to account for parking revenues in the Belmont Shore area of Long Beach.

The Business Assistance Fund is used to account for the Redevelopment Agency monies used to fund commercial rehabilitation loans and rebates, business outreach and commercial and retail services, including business attraction, retention and expansion.

The Housing Assistance Fund is used to account for programs administered by the City's Housing Authority under regulations of the U.S. Department of Housing and Urban Development.

The Park Development Fund was established by City Ordinance C-6567 to account for park fees to be used solely and exclusively for the purpose of funding park land acquisition and recreation improvements.

The Gas Tax Fund is used to account for revenues and expenditures of money apportioned under the Streets and Highways Code of the State of California. Expenditures may be made for any street-related purpose of the City's system of streets, including maintenance thereof.

The Transportation Fund is used to account for the City's share of a one percent sales tax collected by Los Angeles County under Proposition A (approved November 1980) and Proposition C (approved November 1990) to finance certain transportation projects.

City of Long Beach
Nonmajor Governmental Funds-Special Revenue Funds
Combining Balance Sheet
September 30, 2002
(In Thousands)

	Health	CUPA	Parking and Business Area Improvement	Special Advertising and Promotion	Upland Oil Properties	Belmont Shore Parking Meter Revenue
ASSETS						
Pooled Cash and Cash Equivalents	\$ 1,203	\$ 209	\$ 398	\$ 1,352	\$ 4,052	\$ 356
Non-Pooled Cash and Cash Equivalents	-	-	-	-	-	-
Receivables:						
Accounts Receivable	424	49	49	506	765	-
Due from Other Governments	5,511	8	-	-	-	-
Allowance for Receivables	(251)	(43)	(23)	(34)	-	-
Other Assets-Current	-	-	-	-	-	-
Other Noncurrent Receivables	-	-	-	-	-	-
Other Assets	-	-	-	-	-	-
Total Assets	\$ 6,887	\$ 223	\$ 424	\$ 1,824	\$ 4,817	\$ 356
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts Payable	\$ 948	\$ -	\$ 117	\$ 67	\$ 459	\$ 5
Accrued Wages	371	12	-	4	-	-
Due to Other Funds	105	4	-	752	-	-
Deferred Revenues	1,274	13	-	-	-	-
Deposits and Collections Held in Trust	581	14	-	22	85	-
Advances from Other Funds	2,000	-	-	-	-	-
Total Liabilities	5,279	43	117	845	544	5
Fund Balances:						
Reserved for:						
Encumbrances	9	10	-	108	85	-
Transportation Projects	-	-	-	-	-	-
Estimated Oil Field Abandonment Costs	-	-	-	-	1,916	-
Debt Service	-	-	-	-	-	150
Unreserved, Designated for:						
Subsequent Years' Appropriations	1,599	170	307	871	2,272	201
Total Fund Balance	1,608	180	307	979	4,273	351
Total Liabilities and Fund balance	\$ 6,887	\$ 223	\$ 424	\$ 1,824	\$ 4,817	\$ 356

See accompanying independent auditor's report.

<u>Business Assistance</u>	<u>Housing Assistance</u>	<u>Park Development</u>	<u>Gas Tax</u>	<u>Transportation</u>	<u>Total</u>
\$ 117	\$ 3,616	\$ 416	\$ 6,194	\$ 28,746	\$ 46,659
-	187	-	-	-	187
-	72	-	-	-	1,865
-	293	-	2,112	130	8,054
-	(56)	-	-	-	(407)
-	70	-	-	-	70
2,831	-	-	-	-	2,831
50	-	-	-	-	50
<u>\$ 2,998</u>	<u>\$ 4,182</u>	<u>\$ 416</u>	<u>\$ 8,306</u>	<u>\$ 28,876</u>	<u>\$ 59,309</u>
\$ 50	\$ 44	\$ -	\$ 1,217	\$ 8,538	\$ 11,445
14	51	-	-	15	467
2	15	-	-	4	882
2,879	-	-	804	-	4,970
2	1,383	-	16	-	2,103
-	-	-	-	-	2,000
<u>2,947</u>	<u>1,493</u>	<u>-</u>	<u>2,037</u>	<u>8,557</u>	<u>21,867</u>
34	7	-	520	1,126	1,899
-	-	-	-	19,193	19,193
-	-	-	-	-	1,916
-	-	-	-	-	150
<u>17</u>	<u>2,682</u>	<u>416</u>	<u>5,749</u>	<u>-</u>	<u>14,284</u>
<u>51</u>	<u>2,689</u>	<u>416</u>	<u>6,269</u>	<u>20,319</u>	<u>37,442</u>
<u>\$ 2,998</u>	<u>\$ 4,182</u>	<u>\$ 416</u>	<u>\$ 8,306</u>	<u>\$ 28,876</u>	<u>\$ 59,309</u>

City of Long Beach
Nonmajor Governmental Funds-Special Revenue Funds
Combining Statement of Revenues, Expenditures and
Changes in Fund Balance
For the Fiscal Year Ended September 30, 2002
(In Thousands)

	Health	CUPA	Parking and Business Area Improvement	Special Advertising and Promotion	Upland Oil Properties
Revenues:					
Taxes:					
Sales	\$ 2,818	\$ -	\$ -	\$ -	\$ -
Other Taxes	-	-	1,776	3,620	-
Licenses and Permits	2,418	754	-	150	-
Use of Money and Property	-	19	11	417	8,645
From Other Agencies	17,741	12	-	-	-
Charges for Services	1,956	-	-	-	-
Other	264	-	-	73	-
Total Revenues	<u>25,197</u>	<u>785</u>	<u>1,787</u>	<u>4,260</u>	<u>8,645</u>
Expenditures:					
Current:					
Public Health	32,379	718	-	-	-
Community and Cultural	-	-	1,746	5,571	-
Public Works	-	-	-	-	-
Oil Operations	-	-	-	-	4,672
Total Current	<u>32,379</u>	<u>718</u>	<u>1,746</u>	<u>5,571</u>	<u>4,672</u>
Capital Improvements	-	-	-	-	-
Debt Service:					
Principal	115	-	-	-	-
Interest	61	-	-	-	-
Debt Administration Fees	76	-	-	-	-
Total Expenditures	<u>32,631</u>	<u>718</u>	<u>1,746</u>	<u>5,571</u>	<u>4,672</u>
Excess of Revenues Over (Under) Expenditures	<u>(7,434)</u>	<u>67</u>	<u>41</u>	<u>(1,311)</u>	<u>3,973</u>
Other Financing Sources (Uses):					
Transfers In	8,298	-	-	730	-
Transfers Out	<u>(566)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,321)</u>
Total Other Financing Sources (Uses)	<u>7,732</u>	<u>-</u>	<u>-</u>	<u>730</u>	<u>(3,321)</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	298	67	41	(581)	652
Fund Balances - October 1	<u>1,310</u>	<u>113</u>	<u>266</u>	<u>1,560</u>	<u>3,621</u>
Fund Balances - September 30	<u>\$ 1,608</u>	<u>\$ 180</u>	<u>\$ 307</u>	<u>\$ 979</u>	<u>\$ 4,273</u>

See accompanying independent auditor's report.

Belmont Shore Parking Meter Revenue	Business Assistance	Housing Assistance	Park Development	Gas Tax	Transportation	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,818
-	-	-	-	-	-	5,396
-	-	-	836	-	-	4,158
449	21	117	16	475	1,089	11,259
-	-	42,186	-	18,844	11,582	90,365
-	-	-	-	-	-	1,956
-	133	48	-	-	1	519
<u>449</u>	<u>154</u>	<u>42,351</u>	<u>852</u>	<u>19,319</u>	<u>12,672</u>	<u>116,471</u>
-	-	-	-	-	-	33,097
263	1,413	42,955	42	-	-	51,990
-	-	-	-	-	11,779	11,779
-	-	-	-	-	-	4,672
<u>263</u>	<u>1,413</u>	<u>42,955</u>	<u>42</u>	<u>-</u>	<u>11,779</u>	<u>101,538</u>
-	-	-	-	11,491	-	11,491
115	-	-	-	-	-	230
97	-	-	-	-	-	158
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>76</u>
<u>475</u>	<u>1,413</u>	<u>42,955</u>	<u>42</u>	<u>11,491</u>	<u>11,779</u>	<u>113,493</u>
<u>(26)</u>	<u>(1,259)</u>	<u>(604)</u>	<u>810</u>	<u>7,828</u>	<u>893</u>	<u>2,978</u>
-	1,137	-	-	-	-	10,165
<u>-</u>	<u>-</u>	<u>-</u>	<u>(861)</u>	<u>(6,885)</u>	<u>-</u>	<u>(11,633)</u>
<u>-</u>	<u>1,137</u>	<u>-</u>	<u>(861)</u>	<u>(6,885)</u>	<u>-</u>	<u>(1,468)</u>
(26)	(122)	(604)	(51)	943	893	1,510
<u>377</u>	<u>173</u>	<u>3,293</u>	<u>467</u>	<u>5,326</u>	<u>19,426</u>	<u>35,932</u>
<u>\$ 351</u>	<u>\$ 51</u>	<u>\$ 2,689</u>	<u>\$ 416</u>	<u>\$ 6,269</u>	<u>\$ 20,319</u>	<u>\$ 37,442</u>

City of Long Beach
Nonmajor Governmental Funds-Special Revenue Funds
Schedule of Revenues, Expenditures and
Changes in Fund Balances
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended September 30, 2002
(In Thousands)

	Health				CUPA			
	Budgeted Amounts		Actual On	Variance	Budgeted Amounts		Actual On	Variance
	Original	Final	Budgetary	with Final	Original	Final	Budgetary	with Final
			Basis	Budget -			Basis	Budget -
				Positive				Positive
				(Negative)				(Negative)
Revenues:								
Sales Taxes	\$ 2,280	\$ 2,280	\$ 2,818	\$ 538	\$ -	\$ -	\$ -	\$ -
Other Tax	-	-	-	-	-	-	-	-
Licenses and Permits	2,385	2,385	2,418	33	850	850	754	(96)
Use of Money and Property	1	1	-	(1)	19	19	19	-
From Other Agencies	40,064	43,942	17,741	(26,201)	-	-	12	12
Charges for Services	1,915	1,915	1,956	41	-	-	-	-
Other	66	66	264	198	-	-	-	-
Total Revenues	46,711	50,589	25,197	(25,392)	869	869	785	(84)
Expenditures:								
Public Health	50,313	55,693	32,388	23,305	846	846	728	118
Community and Cultural	-	-	-	-	-	-	-	-
Public Works	-	-	-	-	-	-	-	-
Oil Operations	-	-	-	-	-	-	-	-
Total Current	50,313	55,693	32,388	23,305	846	846	728	118
Capital Improvements	-	-	-	-	-	-	-	-
Debt Service:								
Principal	115	115	115	-	-	-	-	-
Interest	159	159	61	98	-	-	-	-
Debt Administration Fees	75	75	76	(1)	-	-	-	-
Total Expenditures	50,662	56,042	32,640	23,402	846	846	728	118
Excess of Revenue Over								
(Under) Expenditures	(3,951)	(5,453)	(7,443)	(1,990)	23	23	57	34
Other Financing Sources (Uses):								
Transfers In	5,572	7,497	8,298	801	-	-	-	-
Transfers Out	(150)	(550)	(566)	(16)	-	-	-	-
Total Other Financing								
Sources (Uses)	5,422	6,947	7,732	785	-	-	-	-
Excess of Revenues and Other								
Sources Over (Under) Expenditures and								
Other Uses	1,471	1,494	289	(1,205)	23	23	57	34
Fund Balances - October 1, Budgetary Basis	1,240	1,240	1,240	-	103	103	103	-
Encumbrances - Beginning of the Year	70	70	70	-	10	10	10	-
Fund Balances - September 30, Budgetary Basis	\$ 2,781	\$ 2,804	\$ 1,599	\$ (1,205)	\$ 136	\$ 136	\$ 170	\$ 34

See accompanying independent auditor's report.

Parking and Business Area Improvement				Special Advertising and Promotion				Upland Oil Properties			
Budgeted Amounts		Actual On Budgetary Basis	Variance with Final Budget - Positive (Negative)	Budgeted Amounts		Actual On Budgetary Basis	Variance with Final Budget - Positive (Negative)	Budgeted Amounts		Actual On Budgetary Basis	Variance with Final Budget - Positive (Negative)
Original	Final			Original	Final			Original	Final		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1,918	1,918	1,776	(142)	4,165	4,165	3,620	(545)	-	-	-	-
-	-	-	-	138	138	150	12	-	-	-	-
8	8	11	3	380	355	417	62	8,564	8,564	8,645	81
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	68	68	73	5	-	-	-	-
1,926	1,926	1,787	(139)	4,751	4,726	4,260	(466)	8,564	8,564	8,645	81
-	-	-	-	-	-	-	-	-	-	-	-
1,888	1,888	1,746	142	7,122	7,122	5,679	1,443	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	5,243	5,243	4,757	486
1,888	1,888	1,746	142	7,122	7,122	5,679	1,443	5,243	5,243	4,757	486
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
1,888	1,888	1,746	142	7,122	7,122	5,679	1,443	5,243	5,243	4,757	486
38	38	41	3	(2,371)	(2,396)	(1,419)	977	3,321	3,321	3,888	567
-	-	-	-	1,278	1,278	730	(548)	-	-	-	-
-	-	-	-	-	-	-	-	(3,321)	(3,321)	(3,321)	-
-	-	-	-	1,278	1,278	730	(548)	(3,321)	(3,321)	(3,321)	-
38	38	41	3	(1,093)	(1,118)	(689)	429	-	-	567	567
266	266	266	-	1,417	1,417	1,417	-	3,621	3,621	3,621	-
-	-	-	-	143	143	143	-	-	-	-	-
\$ 304	\$ 304	\$ 307	\$ 3	\$ 467	\$ 442	\$ 871	\$ 429	\$ 3,621	\$ 3,621	\$ 4,188	\$ 567

(continued)

City of Long Beach
Nonmajor Special Revenue Funds
Schedule of Revenues, Expenditures and
Changes in Fund Balances
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended September 30, 2002
(In Thousands)
(continued)

	Belmont Shore Parking Meter Revenue				Business Assistance			
	Budgeted Amounts		Actual On Budgetary Basis	Variance with Final Budget - Positive (Negative)	Budgeted Amounts		Actual On Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final			Original	Final		
Revenues:								
Sales Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Tax	-	-	-	-	-	-	-	-
Licenses and Permits	-	-	-	-	-	-	-	-
Use of Money and Property	431	431	449	18	347	347	21	(326)
From Other Agencies	-	-	-	-	300	300	-	(300)
Charges for Services	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	133	133
Total Revenues	431	431	449	18	647	647	154	(493)
Expenditures:								
Public Health	-	-	-	-	-	-	-	-
Community and Cultural	261	263	263	-	2,124	2,124	1,447	677
Public Works	-	-	-	-	-	-	-	-
Oil Operations	-	-	-	-	-	-	-	-
Total Current	261	263	263	-	2,124	2,124	1,447	677
Capital Improvements	-	-	-	-	-	-	-	-
Debt Service:								
Principal	124	97	115	(18)	-	-	-	-
Interest	90	115	97	18	-	-	-	-
Debt Administration Fees	-	-	-	-	-	-	-	-
Total Expenditures	475	475	475	-	2,124	2,124	1,447	677
Excess of Revenue Over (Under) Expenditures	(44)	(44)	(26)	18	(1,477)	(1,477)	(1,293)	184
Other Financing Sources (Uses):								
Transfers In	-	-	-	-	2,000	2,000	1,137	(863)
Transfers Out	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	2,000	2,000	1,137	(863)
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(44)	(44)	(26)	18	523	523	(156)	(679)
Fund Balances - October 1, Budgetary Basis	377	377	377	-	169	169	169	-
Encumbrances - Beginning of the Year	-	-	-	-	4	4	4	-
Fund Balances - September 30, Budgetary Basis	\$ 333	\$ 333	\$ 351	\$ 18	\$ 696	\$ 696	\$ 17	\$ (679)

See accompanying independent auditor's report.

Housing Assistance				Park Development				Gas Tax			
Budgeted Amounts		Actual On Budgetary Basis	Variance with Final Budget - Positive (Negative)	Budgeted Amounts		Actual On Budgetary Basis	Variance with Final Budget - Positive (Negative)	Budgeted Amounts		Actual On Budgetary Basis	Variance with Final Budget - Positive (Negative)
Original	Final			Original	Final			Original	Final		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	600	600	836	236	-	-	-	-
220	220	117	(103)	12	12	16	4	219	606	475	(131)
42,229	42,229	42,186	(43)	-	-	-	-	31,004	28,709	18,844	(9,865)
-	-	-	-	-	-	-	-	-	-	-	-
5	5	48	43	-	-	-	-	-	-	-	-
42,454	42,454	42,351	(103)	612	612	852	240	31,223	29,315	19,319	(9,996)
-	-	-	-	-	-	-	-	-	-	-	-
42,319	43,159	42,962	197	56	56	42	14	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
42,319	43,159	42,962	197	56	56	42	14	-	-	-	-
-	-	-	-	-	-	-	-	40,333	33,604	12,011	21,593
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
42,319	43,159	42,962	197	56	56	42	14	40,333	33,604	12,011	21,593
135	(705)	(611)	94	556	556	810	254	(9,110)	(4,289)	7,308	11,597
-	-	-	-	-	-	-	-	-	60	-	(60)
-	-	-	-	(861)	(861)	(861)	-	-	-	(6,885)	(6,885)
-	-	-	-	(861)	(861)	(861)	-	-	60	(6,885)	(6,945)
135	(705)	(611)	94	(305)	(305)	(51)	254	(9,110)	(4,229)	423	4,652
3,284	3,284	3,284	-	457	457	457	-	61	61	61	-
9	9	9	-	10	10	10	-	5,265	5,265	5,265	-
\$ 3,428	\$ 2,588	\$ 2,682	\$ 94	\$ 162	\$ 162	\$ 416	\$ 254	\$ (3,784)	\$ 1,097	\$ 5,749	\$ 4,652

(continued)

City of Long Beach
Nonmajor Special Revenue Funds
Schedule of Revenues, Expenditures and
Changes in Fund Balances
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended September 30, 2002
(In Thousands)
(continued)

	Transportation				Total			
	Budgeted Amounts		Actual On	Variance with	Budgeted Amounts		Actual On	Variance with
	Original	Final	Budgetary	Final Budget -	Original	Final	Budgetary	Final Budget -
			Basis	Positive			Basis	Positive
				(Negative)				(Negative)
Revenues:								
Sales Taxes	\$ -	\$ -	\$ -	\$ -	\$ 2,280	\$ 2,280	\$ 2,818	\$ 538
Other Tax	-	-	-	-	6,083	6,083	5,396	(687)
Licenses and Permits	-	-	-	-	3,973	3,973	4,158	185
Use of Money and Property	898	1,142	1,089	(53)	11,099	11,705	11,259	(446)
From Other Agencies	8,354	12,912	11,582	(1,330)	121,951	128,092	90,365	(37,727)
Charges for Services	-	-	-	-	1,915	1,915	1,956	41
Other	2	2	1	(1)	141	141	519	378
Total Revenues	9,254	14,056	12,672	(1,384)	147,442	154,189	116,471	(37,718)
Expenditures:								
Public Health	-	-	-	-	51,159	56,539	33,116	23,423
Community and Cultural	-	-	-	-	53,770	54,612	52,139	2,473
Public Works	27,828	28,128	12,905	15,223	27,828	28,128	12,905	15,223
Oil Operations	-	-	-	-	5,243	5,243	4,757	486
Total Current	27,828	28,128	12,905	15,223	138,000	144,522	102,917	41,605
Capital Improvements	-	-	-	-	40,333	33,604	12,011	21,593
Debt Service:								
Principal	-	-	-	-	239	212	230	(18)
Interest	-	-	-	-	249	274	158	116
Debt Administration Fees	-	-	-	-	75	75	76	(1)
Total Expenditures	27,828	28,128	12,905	15,223	178,896	178,687	115,392	63,295
Excess of Revenue Over								
(Under) Expenditures	(18,574)	(14,072)	(233)	13,839	(31,454)	(24,498)	1,079	25,577
Other Financing Sources (Uses):								
Transfers In	-	-	-	-	8,850	10,835	10,165	(670)
Transfers Out	-	-	-	-	(4,332)	(4,732)	(11,633)	(6,901)
Total Other Financing								
Sources (Uses)	-	-	-	-	4,518	6,103	(1,468)	(7,571)
Excess of Revenues and Other Financing								
Sources Over (Under) Expenditures and								
Other Financing Uses	(18,574)	(14,072)	(233)	13,839	(26,936)	(18,395)	(389)	18,006
Fund Balances - October 1, Budgetary Basis	18,161	18,161	18,161	-	29,156	29,156	29,156	-
Encumbrances - Beginning of the Year	1,265	1,265	1,265	-	6,776	6,776	6,776	-
Fund Balances - September 30, Budgetary Basis	\$ 852	\$ 5,354	\$ 19,193	\$ 13,839	\$ 8,996	\$ 17,537	\$ 35,543	\$ 18,006

NONMAJOR ENTERPRISE FUNDS

Enterprise Funds are used to account for City operations that are financed and operated in a manner similar to private business enterprises. The intent of the City in using this type of fund is to determine that the costs (expenses, including depreciation) of providing these services to the general public on a continuing basis are financed or recovered primarily through user charges.

The Sewer Fund is used to account for the maintenance and replacement of the City's sewer pipelines and sewage treatment facilities.

The Airport Fund is used to account for the operation and maintenance of the Long Beach Municipal Airport and leaseholds.

The Towing Fund is used to account for the City's towing services, which are used primarily by the Police and Public Works Departments to remove vehicles that have been abandoned or parked illegally on the City's streets.

The Subsidence Fund is used to account for the accumulation of resources to minimize and remedy future land sinkage due to oil operations in the tidelands area.

City of Long Beach
Nonmajor Proprietary Funds
Combining Statement of Net Assets
September 30, 2002
(In Thousands)

	Business-Type Activities - Enterprise Funds				
	Sewer	Airport	Towing	Subsidence	Total
ASSETS					
Current Assets:					
Pooled Cash and Cash Equivalents	\$ 9,533	\$ 2,708	\$ 828	\$ -	\$ 13,069
Receivables:					
Accounts Receivable	418	964	587	-	1,969
Due from Other Governments	-	425	-	-	425
Allowance for Receivables	(25)	(50)	(216)	-	(291)
Inventory	57	-	-	-	57
Total Current Assets	9,983	4,047	1,199	-	15,229
Restricted Assets:					
Pooled Cash and Cash Equivalents	-	1,298	-	136,651	137,949
Non-Pooled Investments	-	-	-	7,863	7,863
Interest Receivable	-	-	-	511	511
Total Restricted Assets	-	1,298	-	145,025	146,323
Noncurrent Assets:					
Capital Assets:					
Land and Other Capital Assets not Being Depreciated	6,286	4,689	-	-	10,975
Capital Assets net of Accumulated Depreciation	30,562	32,911	193	-	63,666
Total Noncurrent Assets	36,848	37,600	193	-	74,641
Total Assets	46,831	42,945	1,392	145,025	236,193
LIABILITIES					
Current Liabilities Payable from Current Assets:					
Accounts Payable	1,117	1,730	49	-	2,896
Accrued Wages	70	77	34	-	181
Accrued Interest Payable	-	215	-	-	215
Due to Other Funds	21	22	10	-	53
Deferred Revenues	-	2,063	-	-	2,063
Collections Held in Trust	-	798	-	-	798
Advances from Developers	33	-	-	-	33
Other Long-Term Obligations-Current	-	650	-	-	650
Total Current Liabilities	1,241	5,555	93	-	6,889
Current Liabilities Payable from Restricted Assets:					
Accounts Payable	-	-	-	2,272	2,272
Total Liabilities Payable from Restricted Assets	-	-	-	2,272	2,272
Noncurrent Liabilities:					
Advances from Other Funds	-	2,883	-	-	2,883
Other Long-Term Obligations	-	12,100	-	-	12,100
Unamortized Discount/Deferred cost	-	(1,508)	-	-	(1,508)
Total Noncurrent Liabilities	-	13,475	-	-	13,475
Total Liabilities	1,241	19,030	93	2,272	22,636
NET ASSETS					
Investment in Capital Assets, Net of Related Debt	36,848	26,358	193	-	63,399
Restricted for:					
Debt Service	-	1,298	-	-	1,298
Subsidence	-	-	-	142,753	142,753
Unrestricted	8,742	(3,741)	1,106	-	6,107
Total Net Assets	\$ 45,590	\$ 23,915	\$ 1,299	\$ 142,753	\$ 213,557

See accompanying independent auditor's report.

City of Long Beach
Nonmajor Proprietary Funds
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
For the Fiscal Year Ended September 30, 2002
(In Thousands)

	Business-Type Activities - Enterprise Funds				
	Sewer	Airport	Towing	Subsidence	Total
Operating Revenues:					
Fees, Concessions and Rentals	\$ -	\$ 13,357	\$ -	\$ -	\$ 13,357
Charges for Services	8,050	-	5,448	-	13,498
Total Revenues	<u>8,050</u>	<u>13,357</u>	<u>5,448</u>	<u>-</u>	<u>26,855</u>
Operating Expenses:					
Personal Services	2,829	4,075	2,241	-	9,145
Maintenance and Other Operations	3,537	10,629	3,518	-	17,684
Bad Debt	-	21	-	-	21
Depreciation	<u>1,171</u>	<u>1,996</u>	<u>15</u>	<u>-</u>	<u>3,182</u>
Total Operating Expenses	<u>7,537</u>	<u>16,721</u>	<u>5,774</u>	<u>-</u>	<u>30,032</u>
Operating Income (Loss)	<u>513</u>	<u>(3,364)</u>	<u>(326)</u>	<u>-</u>	<u>(3,177)</u>
Non-Operating Income (Expense):					
Interest Income	547	170	63	6,374	7,154
Interest Expense	-	(820)	-	-	(820)
Loss on Disposition of Capital Assets	(30)	-	-	-	(30)
Operating Grants	-	2,424	-	-	2,424
Other Expense	<u>(205)</u>	<u>(950)</u>	<u>-</u>	<u>(3,187)</u>	<u>(4,342)</u>
Total Non-Operating Income	<u>312</u>	<u>824</u>	<u>63</u>	<u>3,187</u>	<u>4,386</u>
Income (Loss) Before Contributions and Operating Transfers	825	(2,540)	(263)	3,187	1,209
Capital Grants and Contributions	<u>183</u>	<u>3,280</u>	<u>-</u>	<u>-</u>	<u>3,463</u>
Change in Net Assets	1,008	740	(263)	3,187	4,672
Net Assets - October 1, as Restated	<u>44,582</u>	<u>23,175</u>	<u>1,562</u>	<u>139,566</u>	<u>208,885</u>
Net Assets - September 30	<u>\$ 45,590</u>	<u>\$ 23,915</u>	<u>\$ 1,299</u>	<u>\$ 142,753</u>	<u>\$ 213,557</u>

See accompanying independent auditor's report.

City of Long Beach
Nonmajor Proprietary Funds
Combining Statement of Cash Flows
For the Fiscal Year Ended September 30, 2002
(In Thousands)

<u>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u>	<u>Sewer</u>	<u>Airport</u>	<u>Towing</u>	<u>Subsidence</u>	<u>Total</u>
Cash Flows from Operating Activities:					
Receipts from Customers	\$ 8,053	\$ 14,246	\$ 5,569	\$ -	\$ 27,868
Payments for Employee Salaries	(2,790)	(3,372)	(2,235)	-	(8,397)
Payments for Goods and Services	(4,049)	(5,204)	(2,995)	-	(12,248)
Payments in Lieu of Taxes	-	(4,471)	(500)	-	(4,971)
Other Expense	(236)	(950)	-	-	(1,186)
Net Cash Provided by (Used for) Operating Activities	<u>978</u>	<u>249</u>	<u>(161)</u>	<u>-</u>	<u>1,066</u>
Cash Flows from Non-Capital Financing Activities:					
Operating Grants Received from Other Governments	<u>-</u>	<u>2,424</u>	<u>-</u>	<u>-</u>	<u>2,424</u>
Cash Flows from Capital and Related Financing Activities:					
Receipts of Contributed Capital	13	2,979	-	-	2,992
Payments for Capital Acquisitions	(5,915)	(5,886)	-	-	(11,801)
Payments of Principal on Bonds Payable	-	(615)	-	-	(615)
Payments of Interest	-	(675)	-	-	(675)
Net Cash Used for Capital and Related Financing Activities	<u>(5,902)</u>	<u>(4,197)</u>	<u>-</u>	<u>-</u>	<u>(10,099)</u>
Cash Flows from Investing Activities:					
Proceeds from the Sale of Investments	-	-	-	1,321	1,321
Payments to Other Government Entities	-	-	-	(3,934)	(3,934)
Receipts of Interest	<u>547</u>	<u>170</u>	<u>62</u>	<u>7,664</u>	<u>8,443</u>
Net Cash Provided by Investing Activities	<u>547</u>	<u>170</u>	<u>62</u>	<u>5,051</u>	<u>5,830</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>(4,377)</u>	<u>(1,354)</u>	<u>(99)</u>	<u>5,051</u>	<u>(779)</u>
Cash and Cash Equivalents - October 1	<u>13,910</u>	<u>5,360</u>	<u>927</u>	<u>131,600</u>	<u>151,797</u>
Cash and Cash Equivalents - September 30	<u>\$ 9,533</u>	<u>\$ 4,006</u>	<u>\$ 828</u>	<u>\$ 136,651</u>	<u>\$ 151,018</u>
<u>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</u>					
Operating Income (Loss)	\$ 513	\$ (3,364)	\$ (326)	\$ -	\$ (3,177)
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used for) Operating Activities:					
Depreciation and Amortization Expense	1,171	1,996	15	-	3,182
Other Expense	(299)	(950)	-	-	(1,249)
(Increase) Decrease in Accounts Receivable, Net	2	(572)	120	-	(450)
Decrease in Amounts Due from Other Governments	63	-	-	-	63
Decrease in Inventory	9	-	-	-	9
Increase (Decrease) in Accounts Payable	(520)	953	24	-	457
Increase in Accrued Wages Payable	39	22	5	-	66
Increase in Amounts Due to Other Funds	-	681	1	-	682
Increase in Deferred Revenues	-	1,054	-	-	1,054
Increase in Collections Held in Trust	-	429	-	-	429
Total Adjustments	<u>465</u>	<u>3,613</u>	<u>165</u>	<u>-</u>	<u>4,243</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ 978</u>	<u>\$ 249</u>	<u>\$ (161)</u>	<u>\$ -</u>	<u>\$ 1,066</u>

See accompanying independent auditor's report.

INTERNAL SERVICE FUNDS

Internal Service Funds are established to finance and account for goods and services provided by one City department to other City departments on a cost-reimbursement basis, including depreciation.

The Civic Center Fund is used to account for the operation and maintenance of the City Hall and Main Library Complex.

The General Services Fund is used to account for the operation, maintenance and timely replacement of the City's electronic data processing equipment and software and the cost of providing a variety of services to City departments, including electronic equipment, central telephone, central stores, central mailing and reprographics services.

The Fleet Services Fund is used to account for the operation, maintenance and timely replacement of the City's fleet of vehicles.

The Insurance Fund is used to finance and account for the City's risk management and self-insurance programs.

The Employee Benefits Fund is used to finance and account for compensated absences, employer payroll taxes, and health and retirement benefits.

City of Long Beach
Internal Service Funds
Combining Statement of Net Assets
September 30, 2002
(In Thousands)

	Civic Center	General Services	Fleet Services	Insurance	Employee Benefits	Total
ASSETS						
Current Assets:						
Pooled Cash and Cash Equivalents	\$ 14,944	\$ 7,536	\$ 11,538	\$ 42,302	\$ 60,003	\$ 136,323
Receivables:						
Accounts Receivable	2	777	163	-	-	942
Due from Other Governments	-	10	-	59	5,917	5,986
Due from Other Funds	-	-	-	-	2,046	2,046
Allowance for Receivables	-	-	(142)	-	-	(142)
Inventory	-	156	1,493	-	-	1,649
Total Current Assets	<u>14,946</u>	<u>8,479</u>	<u>13,052</u>	<u>42,361</u>	<u>67,966</u>	<u>146,804</u>
Restricted Assets:						
Pooled Cash and Cash Equivalents	-	-	-	-	9,454	9,454
Non-Pooled Cash and Cash Equivalents	14,868	-	7,543	-	102	22,513
Deposits	-	-	-	-	1,768	1,768
Total Restricted Assets	<u>14,868</u>	<u>-</u>	<u>7,543</u>	<u>-</u>	<u>11,324</u>	<u>33,735</u>
Noncurrent Assets:						
Noncurrent Receivables:						
Land and Other Capital Assets not Being Depreciated	19,203	1,360	5,066	-	-	25,629
Capital Assets net of Accumulated Depreciation	28,760	7,785	53,762	90	-	90,397
Other Assets-Long-Term	-	-	-	-	91,192	91,192
Total Noncurrent Assets	<u>47,963</u>	<u>9,145</u>	<u>58,828</u>	<u>90</u>	<u>91,192</u>	<u>207,218</u>
Total Assets	<u>77,777</u>	<u>17,624</u>	<u>79,423</u>	<u>42,451</u>	<u>170,482</u>	<u>387,757</u>
LIABILITIES						
Current Liabilities payable from Current Assets:						
Accounts Payable	218	1,915	3,275	609	225	6,242
Accrued Wages and Benefits	33	223	80	176	27,354	27,866
Accrued Interest Payable	15	14	903	-	4,694	5,626
Due to Other Funds	9	70	23	50	-	152
Collections Held in Trust	-	-	-	-	9,033	9,033
Employee Benefits-Current	-	-	-	-	4,327	4,327
Accrued Self-Insurance Claims-Current	-	-	-	20,170	-	20,170
Obligations Under Capital Leases-Current	622	2,328	-	-	-	2,950
Bonds Payable Due Within One Year	850	-	710	-	4,115	5,675
Total Current Liabilities	<u>1,747</u>	<u>4,550</u>	<u>4,991</u>	<u>21,005</u>	<u>49,748</u>	<u>82,041</u>
Current Liabilities Payable from Restricted Assets:						
Accounts Payable	<u>790</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>790</u>
Noncurrent Liabilities:						
Employee Benefits	-	-	-	-	50,068	50,068
Accrued Self-Insurance Claims	-	-	-	65,671	-	65,671
Arbitrage Payable	513	-	-	-	-	513
Obligations Under Capital Lease	2,474	1,477	-	-	-	3,951
Bonds Payable	39,165	-	34,785	-	106,710	180,660
Unamortized Discount/Deferred cost	(2,190)	-	(2,240)	-	(15,954)	(20,384)
Total Noncurrent Liabilities	<u>39,962</u>	<u>1,477</u>	<u>32,545</u>	<u>65,671</u>	<u>140,824</u>	<u>280,479</u>
Total Liabilities	<u>42,499</u>	<u>6,027</u>	<u>37,536</u>	<u>86,676</u>	<u>190,572</u>	<u>363,310</u>
NET ASSETS						
Investment in Capital Assets, Net of Related Debt	18,505	5,340	25,573	90	-	49,508
Restricted for:						
Debt Service	2,897	-	2,476	-	2,130	7,503
Capital Projects	11,181	-	5,067	-	-	16,248
Health Care Insurance	-	-	-	-	9,194	9,194
Unrestricted	<u>2,695</u>	<u>6,257</u>	<u>8,771</u>	<u>(44,315)</u>	<u>(31,414)</u>	<u>(58,006)</u>
Total Net Assets	<u>\$ 35,278</u>	<u>\$ 11,597</u>	<u>\$ 41,887</u>	<u>\$ (44,225)</u>	<u>\$ (20,090)</u>	<u>\$ 24,447</u>

See accompanying independent auditor's report.

City of Long Beach
Internal Service Funds
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
For the Fiscal Year Ended September 30, 2002
(In Thousands)

	<u>Civic Center</u>	<u>General Services</u>	<u>Fleet Services</u>	<u>Insurance</u>	<u>Employee Benefits</u>	<u>Total Internal Service</u>
Operating Revenues:						
Billing to Other Departments	\$ 11,507	\$ 30,406	\$ 25,228	\$ 18,500	\$ 109,031	\$ 194,672
Other	298	2,544	1,873	6	-	4,721
Total Revenues	<u>11,805</u>	<u>32,950</u>	<u>27,101</u>	<u>18,506</u>	<u>109,031</u>	<u>199,393</u>
Operating Expenses:						
Personal Services	1,773	11,519	6,207	5,604	1,723	26,826
Maintenance and Other Operations	5,736	17,920	8,735	5,427	2,174	39,992
Insurance Premiums	-	-	-	2,574	-	2,574
Self-Insured Losses	-	-	-	32,538	-	32,538
Compensated Absences	-	-	-	4,644	36,793	41,437
Employee Benefits	-	-	-	-	54,066	54,066
Amortization	-	-	-	-	899	899
Depreciation	1,661	4,103	7,106	26	-	12,896
Total Operating Expenses	<u>9,170</u>	<u>33,542</u>	<u>22,048</u>	<u>50,813</u>	<u>95,655</u>	<u>211,228</u>
Operating Income (Loss)	<u>2,635</u>	<u>(592)</u>	<u>5,053</u>	<u>(32,307)</u>	<u>13,376</u>	<u>(11,835)</u>
Non-Operating Income (Expense):						
Interest Income	966	15	248	2,099	562	3,890
Interest Expense	(2,352)	(226)	(1,921)	-	(5,332)	(9,831)
Gain/(Loss) on Disposition of Capital Assets	-	319	161	-	-	480
Other Income	237	796	265	516	1,956	3,770
Total Non-Operating Income (Expense)	<u>(1,149)</u>	<u>904</u>	<u>(1,247)</u>	<u>2,615</u>	<u>(2,814)</u>	<u>(1,691)</u>
Income (Loss) Before Contributions and Operating Transfers	1,486	312	3,806	(29,692)	10,562	(13,526)
Transfers Out	<u>(500)</u>	<u>(1,906)</u>	<u>-</u>	<u>-</u>	<u>(4,870)</u>	<u>(7,276)</u>
Change in Net Assets	986	(1,594)	3,806	(29,692)	5,692	(20,802)
Net Assets - October 1, as restated	<u>34,292</u>	<u>13,191</u>	<u>38,081</u>	<u>(14,533)</u>	<u>(25,782)</u>	<u>45,249</u>
Net Assets - September 30	<u>\$ 35,278</u>	<u>\$ 11,597</u>	<u>\$ 41,887</u>	<u>\$ (44,225)</u>	<u>\$ (20,090)</u>	<u>\$ 24,447</u>

See accompanying independent auditor's report.

City of Long Beach
Internal Service Funds
Combining Statement of Cash Flows
For the Fiscal Year Ended September 30, 2002
(In Thousands)

<u>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u>	<u>Civic Center</u>	<u>General Services</u>	<u>Fleet Services</u>	<u>Insurance</u>	<u>Employee Benefits</u>	<u>Total</u>
Cash Flows from Operating Activities:						
Receipts from Customers	\$ 296	\$ 2,544	\$ 1,853	\$ -	\$ -	\$ 4,693
Receipts from Other Funds	11,506	30,570	25,229	18,506	108,768	194,579
Payments for Employee Salaries	(1,761)	(11,468)	(6,213)	(5,559)	(1,550)	(26,551)
Payments for Goods and Services	(5,515)	(18,443)	(6,586)	(7,677)	(5,220)	(43,441)
Payments for Compensated Absences	-	-	-	(18,506)	(35,346)	(53,852)
Payments for Employee Benefits	-	-	-	-	(53,006)	(53,006)
Payments for Liability Claims	-	-	-	(2,013)	-	(2,013)
Other Income	237	802	265	539	1,956	3,799
Net Cash Provided by (Used for) Operating Activities	<u>4,763</u>	<u>4,005</u>	<u>14,548</u>	<u>(14,710)</u>	<u>15,602</u>	<u>24,208</u>
Cash Flows from Non-Capital Financing Activities:						
Transfers Out	(500)	(1,906)	-	-	(4,870)	(7,276)
Cash Flows from Capital and Related Financing Activities:						
Proceeds from the Sale of Capital Assets	-	344	237	-	-	581
Proceeds from Issuance Of Long-Term Obligations	-	-	-	-	80,730	80,730
Payments for Capital Acquisitions	(9,674)	(3,013)	(9,396)	-	-	(22,083)
Payments of Principal on Other Long- Term Obligations	(1,508)	(591)	(680)	-	(1,045)	(3,824)
Payments to Defeas Bonds	-	-	-	-	(86,602)	(86,602)
Payments of Interest	(2,217)	(159)	(949)	-	(6,896)	(10,221)
Net Cash Used for Capital and Related Financing Activities	<u>(13,399)</u>	<u>(3,419)</u>	<u>(10,788)</u>	<u>-</u>	<u>(13,813)</u>	<u>(41,419)</u>
Cash Flows from Investing Activities:						
Receipts of Interest	966	14	248	2,100	438	3,766
Net Increase (Decrease) in Cash and Cash Equivalents	(8,170)	(1,306)	4,008	(12,610)	(2,643)	(20,721)
Cash and Cash Equivalents - October 1	<u>37,982</u>	<u>8,842</u>	<u>15,073</u>	<u>54,912</u>	<u>72,202</u>	<u>189,011</u>
Cash and Cash Equivalents - September 30	<u>\$ 29,812</u>	<u>\$ 7,536</u>	<u>\$ 19,081</u>	<u>\$ 42,302</u>	<u>\$ 69,559</u>	<u>\$ 168,290</u>
<u>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</u>						
Operating Income (Loss)	<u>\$ 2,636</u>	<u>\$ (592)</u>	<u>\$ 5,053</u>	<u>\$ (32,307)</u>	<u>\$ 13,375</u>	<u>\$ (11,835)</u>
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:						
Depreciation and Amortization Expense	1,661	4,104	7,106	26	899	13,796
Other Income	237	796	265	516	1,956	3,770
(Increase) Decrease in Accounts Receivable, Net	-	164	(20)	-	-	144
(Increase) Decrease in Amounts Due from Other Governments	(2)	7	-	23	-	28
Increase in Amounts Due from Other Funds	-	-	(2)	-	(265)	(267)
Increase in Inventory	-	(1)	(271)	-	-	(272)
Increase (Decrease) in Accounts Payable	217	(536)	2,423	324	(3,045)	(617)
Increase (Decrease) in Accrued Wages Payable	11	51	(6)	36	3,467	3,559
Increase (Decrease) in Amounts Due to Other Funds	3	12	-	9	(117)	(93)
Increase in Accrued Claims Payable	-	-	-	16,663	-	16,663
Decrease in Collections Held in Trust	-	-	-	-	(668)	(668)
Total Adjustments	<u>2,127</u>	<u>4,597</u>	<u>9,495</u>	<u>17,597</u>	<u>2,227</u>	<u>36,043</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ 4,763</u>	<u>\$ 4,005</u>	<u>\$ 14,548</u>	<u>\$ (14,710)</u>	<u>\$ 15,602</u>	<u>\$ 24,208</u>

See accompanying independent auditor's report.

**CAPITAL ASSETS
USED IN THE OPERATION OF
GOVERNMENTAL FUNDS**

This section of the CAFR provides additional information regarding the infrastructure and capital assets used in the City's governmental fund operations. These assets are reported only in the governmental activities column of the government-wide Statement of Net Assets. In addition to the information about such assets provided in the notes to the basic financial statements, this section provides information on the source of funding for the assets, the function and activity to which the assets are charged and changes in such assets by function and activity.

City of Long Beach
Capital Assets Used in the Operations of Governmental Funds
Schedule by Source ¹
September 30, 2002
(In Thousands)

Governmental Funds Capital Assets:

Land	\$ 111,226
Right-a-way	134
Construction In Progress	108,525
Building	66,723
Improvements other than Buildings	29,523
Infrastructure	266,381
Machinery and Equipment	14,544
Automotive	164
Other Assets	30,719
Less Accumulated Depreciation	(198,486)
	<u>\$ 429,453</u>

Investments in Governmental Funds Capital Assets by Source:

General Fund	\$ 164,624
Special Revenue Funds	161,832
Capital Projects Funds	102,997
	<u>\$ 429,453</u>

1 This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

See accompanying independent auditor's report.

Schedule by Function ¹
September 30, 2002
(In Thousands)

	Capital Assets not being Depreciated			Capital Assets, net of Depreciation						
	Land	Right-a-way	Construction In Progress	Building	Improvements other than Buildings	Infrastructures	Machinery and Equipment	Auto-motive	Other Assets	Total
Legislative and Legal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 38	\$ -	\$ -	\$ 38
General Government	1,773	-	-	-	257	-	326	-	-	2,356
Public Safety	254	-	7,493	5,764	608	-	6,007	43	-	20,169
Public Health	4,594	-	-	4,266	2,759	-	68	-	-	11,687
Community & Cultural	103,072	-	-	37,936	14,679	4,728	229	31	9,939	170,614
Public Works	1,533	134	101,032	275	321	121,180	114	-	-	224,589
	<u>\$ 111,226</u>	<u>\$ 134</u>	<u>\$ 108,525</u>	<u>\$ 48,241</u>	<u>\$ 18,624</u>	<u>\$ 125,908</u>	<u>\$ 6,782</u>	<u>\$ 74</u>	<u>\$ 9,939</u>	<u>\$ 429,453</u>

¹ This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

See accompanying independent auditor's report.

Schedule of Changes by Function ¹
September 30, 2002
(In Thousands)

	Balance at October 1, 2001 as Restated	Increase, net of Depreciation Expense	Decrease, net of Accumulated Depreciation	Balance at September 30, 2002
Legislative and Legal	\$ 6	\$ 32	\$ -	\$ 38
General Government	2,409	(49)	(4)	2,356
Public Safety	13,808	6,416	(55)	20,169
Public Health	11,706	(19)	-	11,687
Community & Cultural	170,596	1,105	(1,087)	170,614
Public Works	194,711	36,616	(6,738)	224,589
	<u>\$ 393,236</u>	<u>\$ 44,101</u>	<u>\$ (7,884)</u>	<u>\$ 429,453</u>

1 This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

See accompanying independent auditor's report.

General Governmental Expenditures by Function
Last Ten Fiscal Years
(In Thousands)

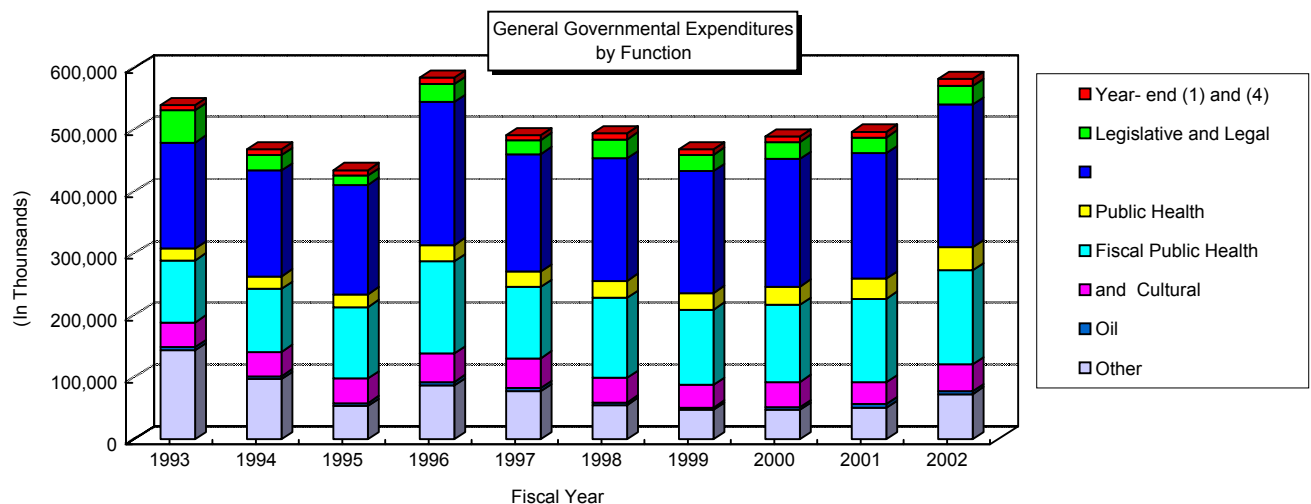
Fiscal Year- end (1) and (4)	Legislative and Lega	General Governmen	Public Safety (3)	Public Health	Community and Cultural	Public Works	Oil Operations	Sub Total	Other Expenditures (2)	Total Expenditures (2)
1993	\$ 8,314	\$ 51,957	\$171,037	\$ 19,292	\$ 100,099	\$ 39,930	\$ 4,994	\$ 395,623	\$ 143,521	\$ 539,144
1994	8,871	25,051	171,019	19,943	101,933	39,356	4,393	370,566	97,169	467,735
1995	8,355	15,112	177,045	20,382	115,094	40,053	4,428	380,469	53,708	434,177
1996	10,589	28,870	230,875	26,154	149,204	45,956	5,497	497,145	86,594	583,739
1997	8,014	22,713	189,783	24,516	115,354	48,303	5,034	413,717	77,177	490,894
1998	9,382	30,707	197,998	27,017	129,282	39,789	4,260	438,435	55,101	493,536
1999	8,945	26,207	197,004	26,856	121,207	36,667	3,734	420,620	47,322	467,942
2000	9,059	26,998	206,409	29,649	124,280	41,069	4,062	441,526	47,241	488,767
2001	9,313	25,140	202,512	32,648	134,759	35,569	5,795	445,736	50,613	496,349
2002	10,985	30,444	230,112	37,516	151,593	43,565	4,672	508,887	72,688	581,575

Notes:

- (1) The figures include all governmental fund types (General, Special Revenue, and Capital Projects Funds), including the expenditures for the Long Beach Housing Authority and the Long Beach Redevelopment Agency, in accordance with generally accepted accounting principles. Long Beach Housing Authority and Long Beach Redevelopment Agency expenditures for 1993 through 2002 are as follows (in thousands):

Fiscal Year- end (4)	General Government	Community and Cultural	Capital Improvements	Loss on Disposition of Land Held for Resale	Debt Service	Total Expenditures
1993	\$ 146	\$38,239	\$ 70,156	\$ 2,104	\$44,567	\$ 155,212
1994	733	42,209	41,432	227	16,853	101,454
1995	199	46,742	9,463	488	15,081	71,973
1996	248	65,904	13,215	5,838	14,075	99,280
1997	200	50,326	9,806	1,906	15,311	77,549
1998	199	46,424	466	426	17,896	65,411
1999	198	45,333	-	3,432	14,264	63,227
2000	182	42,608	-	1,254	13,769	57,813
2001	167	48,228	-	202	13,046	61,643
2002	165	17,556	-	43,153	18,200	79,074

- (2) Expenditures are on the actual (GAAP) basis. Other expenditures include capital improvements, loss on disposition of land held for resale and debt service. Fiscal year 1993 included the Redevelopment Agency bond issue refunding costs in the amount of \$71,011,000. Redevelopment Agency and Convention Center expansion costs for fiscal years 1993 and 1994 were \$64,080,000 and \$22,680,000, respectively.
- (3) In 1994, the City Prosecutor's expenditures were recorded as public safety. The amounts for fiscal year 1993 have been reclassified to public safety from legislative and legal.
- (4) Effective July 1, 1995, the City changed its fiscal year-end to September 30 from a June 30 fiscal year-end. Consequently, the amounts for the 1996 fiscal period are for the fifteen months from July 1, 1995 through September 30, 1996.



Source: City of Long Beach, Department of Financial Management.

City of Long Beach
General Revenues by Source -
Last Ten Fiscal Years
(In Thousands)

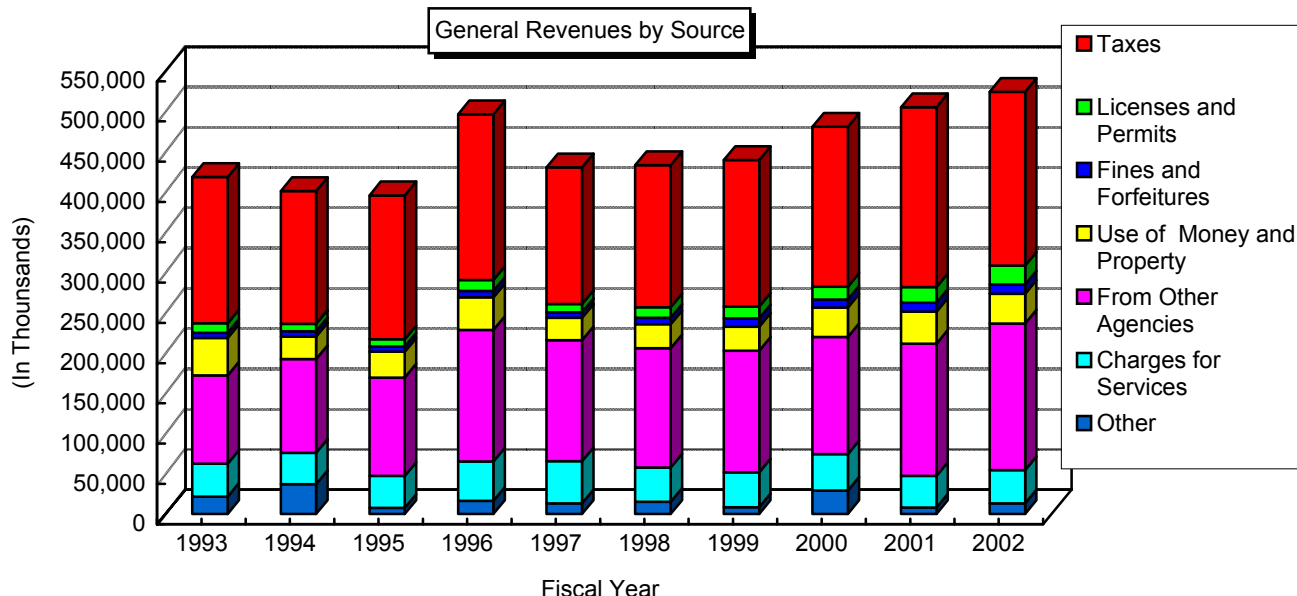
Fiscal Year-end (1) and (2)	Taxes	Licenses and Permits	Fines and Forfeitures	Use of Money and Property	From Other Agencies	Charges for Services	Other	Total Revenues (3)
1993	\$ 181,552	\$ 12,037	\$ 6,371	\$ 46,540	\$ 109,454	\$ 41,119	\$ 21,153	\$ 418,226
1994	164,888	8,955	6,584	28,106	116,239	38,980	36,865	400,617
1995	178,407	9,345	6,219	32,065	122,017	39,933	7,383	395,369
1996	205,825	13,505	7,954	40,561	163,235	48,995	16,018	496,093
1997	169,780	10,398	6,582	27,809	150,146	52,465	13,025	430,205
1998	176,698	12,876	7,967	29,923	148,290	42,327	15,023	433,104
1999	181,781	14,870	10,192	29,756	151,246	43,321	8,056	439,222
2000	198,971	15,703	9,867	36,428	145,467	45,409	28,891	480,736
2001	223,287	19,343	11,091	39,669	164,192	39,292	7,890	504,764
2002	215,968	23,401	11,448	36,859	181,874	41,277	13,135	523,962

Notes:

- (1) The figures include all governmental fund types (General, Special Revenue, and Capital Projects Funds), including the revenues for the Long Beach Housing Authority and the Long Beach Redevelopment Agency, in accordance with generally accepted accounting principles. Long Beach Housing Authority and Long Beach Redevelopment Agency revenues for fiscal years 1993 through 2002 are as follows (in thousands):

Fiscal Year-end (2)	Taxes	Licenses and Permits	Use of Money and Property	From Other Agencies	Other	Total Revenues
1993	\$ 18,241	\$ -	\$ 5,925	\$ 28,179	\$ 384	\$ 52,729
1994	16,732	-	5,252	33,843	12,849	68,676
1995	15,105	392	5,197	34,008	940	55,642
1996	17,018	497	5,123	46,868	3,482	72,988
1997	15,462	-	3,962	38,967	1,005	59,396
1998	17,793	-	3,111	38,259	960	60,123
1999	16,206	5	3,020	37,281	994	57,506
2000	20,788	8	3,473	36,278	651	61,198
2001	21,749	-	3,805	36,692	848	63,094
2002	28,400	-	4,974	42,186	787	76,347

- (2) Effective July 1, 1995, the City changed its fiscal year-end to September 30 from a June 30 fiscal year-end. Consequently, the amounts for the 1996 fiscal period are for the fifteen months from July 1, 1995 through September 30, 1996.
- (3) Revenues are on the actual (GAAP) basis.



Source: City of Long Beach, Department of Financial Management.

Tax Revenues by Source -
Last Ten Fiscal Years
(In Thousands)

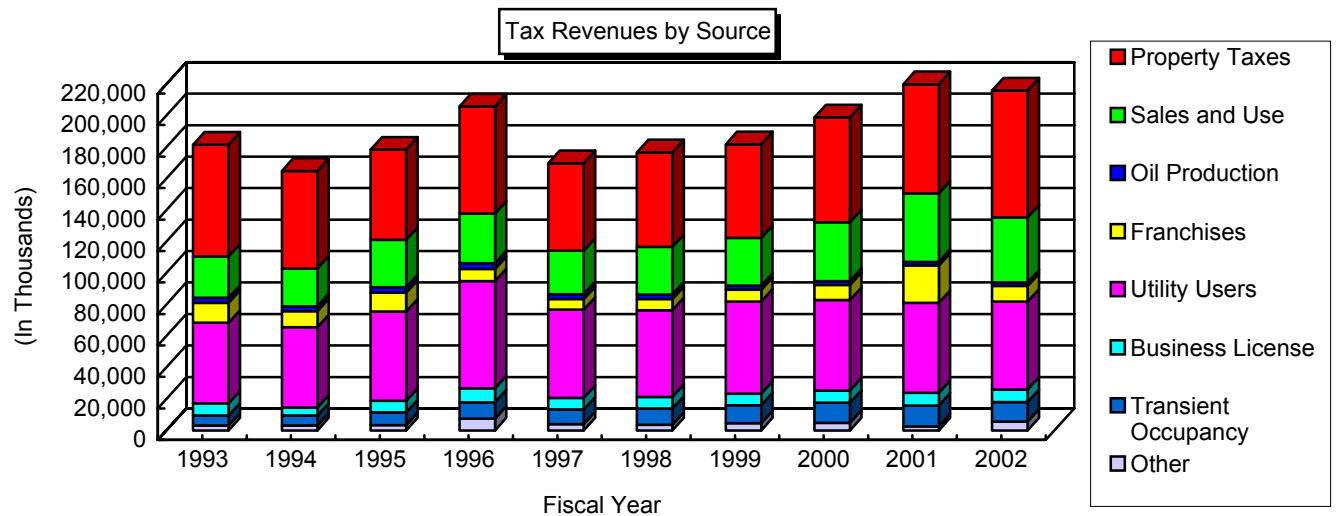
Fiscal Year-end (1) and (2)	Property Taxes	Sales and Use	Oil Production	Franchises (3)	Utility Users	Business License	Transient Occupancy	Other (4)	Totals
1993	\$ 70,978	\$ 26,357	\$ 3,115	\$ 12,738	\$ 51,123	\$ 7,847	\$ 6,316	\$ 3,078	\$ 181,552
1994	62,028	23,967	3,115	10,215	50,963	5,193	6,246	3,161	164,888
1995	57,314	30,089	3,433	12,048	56,787	7,241	8,102	3,393	178,407
1996	68,055	31,495	3,694	7,694	68,151	8,848	10,392	7,496	205,825
1997	55,538	27,637	3,104	6,812	56,082	7,359	9,207	4,041	169,780
1998	60,136	30,140	2,937	7,033	55,170	7,316	10,475	3,491	176,698
1999	59,499	30,310	2,577	7,463	58,562	7,298	11,479	4,593	181,781
2000	66,635	37,362	2,479	9,695	57,396	7,752	12,788	4,864	198,971
2001	72,737	43,415	2,365	23,706	57,151	8,052	13,336	2,525	223,287
2002	80,621	41,246	2,257	9,976	55,838	8,067	12,447	5,516	215,968

Notes:

- (1) Tax revenues by source include all Governmental Fund Types (General, Special Revenue, and Capital Projects Funds), including property tax and transient lodging tax for the Long Beach Redevelopment Agency as indicated below in accordance with generally accepted accounting principles. The Long Beach Housing Authority had no tax revenues in fiscal year 1993 through 2002.

Fiscal Year-end (2)	Property Taxes (In Thousands)	Transient Occupancy/ Other (In Thousands)
1993	\$ 16,940	\$ 1,301
1994	15,593	1,139
1995	13,561	1,544
1996	14,946	2,072
1997	13,574	1,888
1998	15,593	2,200
1999	11,229	2,337
2000	18,061	2,727
2001	18,917	2,832
2002	25,796	2,604

- (2) Effective July 1, 1995, the City changed its fiscal year-end to September 30 from a June 30 fiscal year-end. Consequently, the amounts for the 1996 fiscal period are for the fifteen months from July 1, 1995 through September 30, 1996.
- (3) Starting in fiscal year 1997, cable franchise fees were not recorded in the Special Revenue Funds. The amounts are \$2,068,000, \$2,228,000, \$2,340,000, \$2,478,000 and \$2,544,000 for fiscal year 1998, 1999, 2000, 2001 and 2002, respectively.
- (4) Includes Real Property Transfer, Special Parking, Miscellaneous Taxes, and transfers from Enterprise funds in lieu of taxes.



Source: City of Long Beach, Department of Financial Management.

City of Long Beach
Property Tax Levies and Collections -
Last Ten Fiscal Years
(In Thousands)

Fiscal Year-end (1) and (3)	Total Tax Levy	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Tax Collections (2)	Collections as Percent of Levy	Outstanding Delinquent Taxes	Delinquent Tax as Percent of Current Levy
1993	\$ 69,550	\$ 64,901	93.3 %	\$ 4,181	\$ 69,082	99.3 %	\$ 5,861	8.4 %
1994	63,101	56,810	90.0	3,733	60,543	95.9	6,184	9.8
1995	60,474	53,490	88.5	2,879	56,369	93.2	5,454	9.0
1996	58,910	54,144	91.9	2,152	56,296	95.6	4,564	7.7
1997	57,408	52,932	92.2	1,905	54,837	95.5	4,214	7.3
1998	58,522	56,504	96.6	3,185	59,689	102.0	3,755	6.4
1999	59,378	56,320	94.8	3,636	59,956	101.0	2,857	4.8
2000	66,177	63,892	96.5	2,989	66,881	101.1	2,873	4.3
2001	70,841	69,338	97.9	2,322	71,660	101.2	3,160	4.5
2002	77,731	77,587	99.8	3,682	81,269	104.6	2,536	3.3

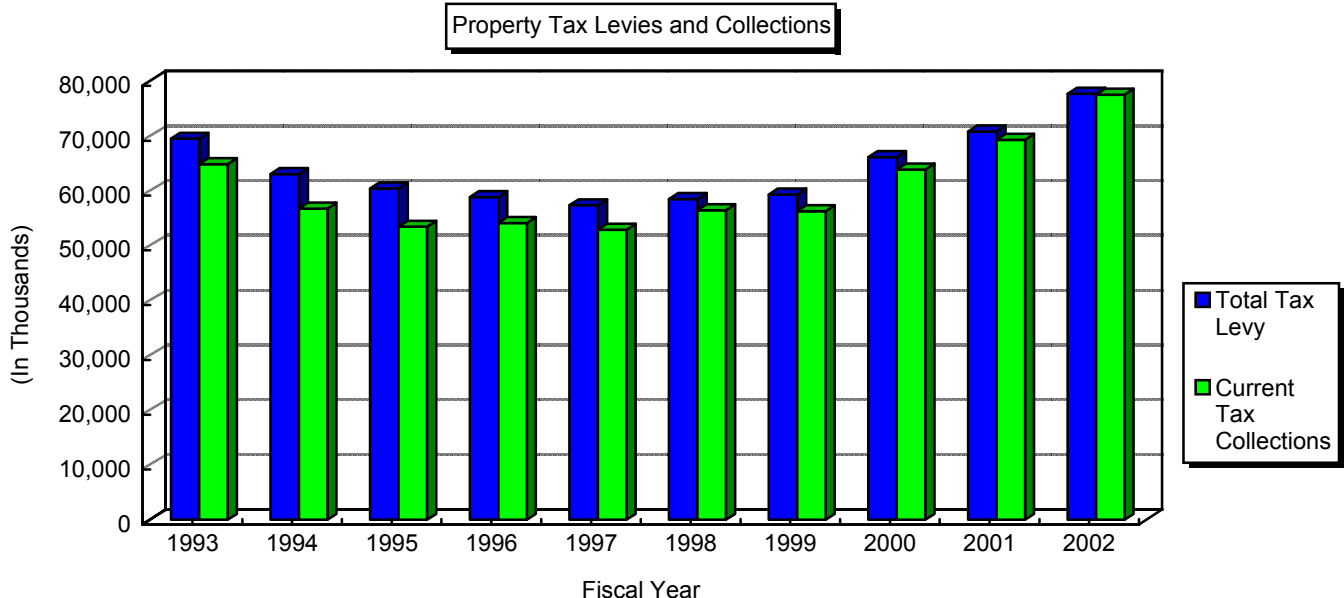
Notes:

(1) Total tax collections for fiscal years 1993 through 2002 include redevelopment tax increment collections, excluding interest and penalties, in accordance with generally accepted accounting principles as follows:

Fiscal Year-end (3)	Collections (In Thousands)
1993	\$ 16,940
1994	15,593
1995	13,561
1996	14,946
1997	13,574
1998	15,593
1999	11,229
2000	18,061
2001	18,917
2002	25,796

(2) Excludes interest, penalties and LA County admin fees.

(3) Effective July 1, 1995, the City changed its fiscal year-end to September 30 from a June 30 fiscal year-end. Since the County of Los Angeles, which distributes the property tax, is on a June 30 fiscal year-end, the amounts for the City are for the twelve months from July 1, 1995 through June 30, 1996 for comparison purposes. Beginning with fiscal year 1997, current tax collections include tax accrued as revenue for the months July through September, but not received in cash until after the close of the fiscal year.



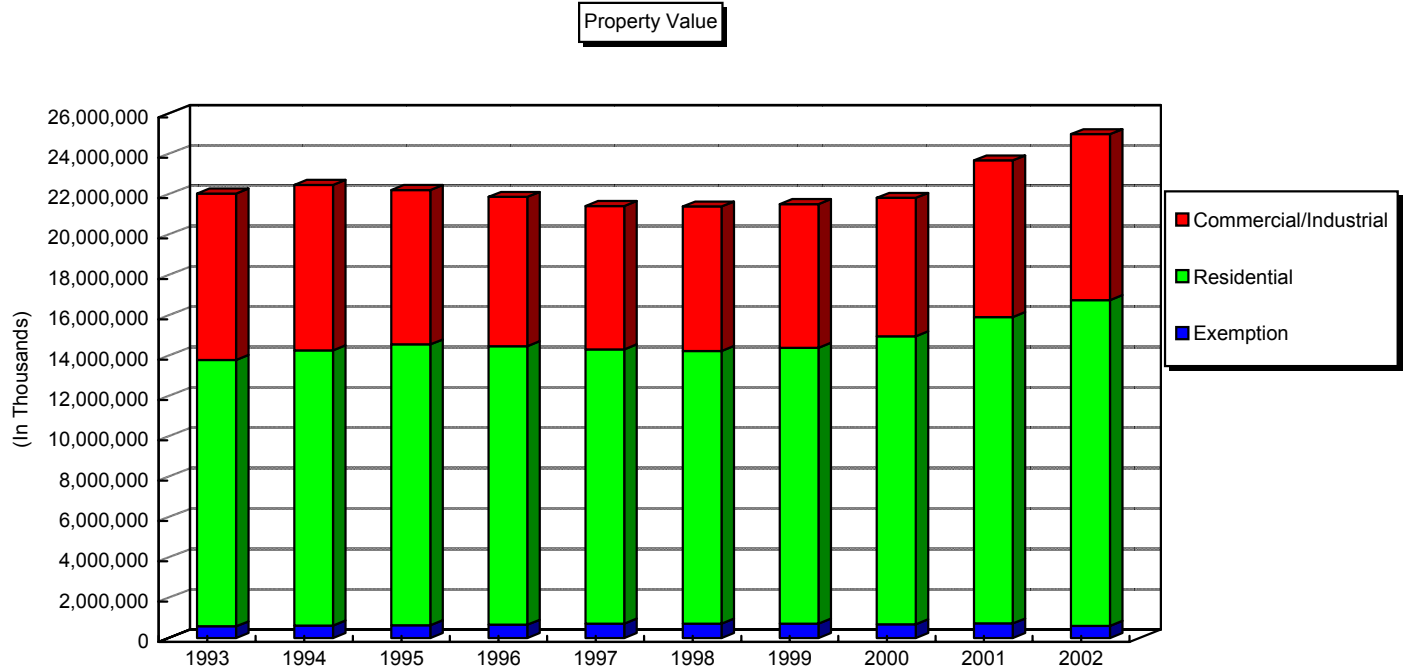
Source: City of Long Beach, Department of Financial Management.

City of Long Beach
Assessed and Actual Value of Taxable Property -
Last Ten Fiscal Years
(In Thousands)

Fiscal Year-end	Assessed Value (1)				Property Value			
	Land	Improvements	Personal Property	Total	Commercial/ Industrial	Residential	Exemption	Total
1993	\$ 9,275,596	\$ 11,215,690	\$ 1,555,916	\$22,047,202	\$8,253,284	\$ 13,211,879	\$ 582,039	\$ 22,047,202
1994	9,600,261	11,400,389	1,473,074	22,473,724	8,204,043	13,643,224	626,457	22,473,724
1995	9,351,454	11,327,795	1,541,125	22,220,374	7,659,078	13,922,438	638,858	22,220,374
1996	9,497,846	10,971,486	1,408,258	21,877,590	7,396,839	13,817,142	663,609	21,877,590
1997	9,520,895	10,527,383	1,379,679	21,427,957	7,112,998	13,594,231	720,728	21,427,957
1998	9,544,327	10,376,690	1,482,025	21,403,042	7,161,264	13,521,115	720,663	21,403,042
1999	9,513,719	10,422,267	1,579,619	21,515,605	7,113,133	13,684,447	718,025	21,515,605
2000	9,530,997	10,853,314	1,448,289	21,832,600	6,867,889	14,275,847	688,864	21,832,600
2001	10,463,320	11,828,763	1,396,288	23,688,371	7,768,092	15,195,079	725,200	23,688,371
2002	11,332,200	12,365,006	1,292,787	24,989,993	8,232,188	16,149,319	608,486	24,989,993

Notes:

(1) Assessed value is 100% of market value for all fiscal years.



Source: Los Angeles County Office of the Assessor.

City of Long Beach
Property Tax Rates -
All Overlapping Governments
Per \$100 of Assessed Value -
Last Ten Fiscal Years

<u>Fiscal Year-end</u>	<u>County (A)</u>	<u>Special Districts (A)</u>	<u>Total</u>
1993	\$ 1.0014	\$ 0.0123	\$ 1.0137
1994	1.0017	0.0131	1.0148
1995	1.0020	0.0149	1.0169
1996	1.0018	0.0099	1.0117
1997	1.0016	0.0109	1.0125
1998	1.0016	0.0111	1.0127
1999	1.0014	0.0109	1.0123
2000	1.0014	0.0183	1.0197
2001	1.0013	0.0263	1.0276
2002	1.0011	0.0376	1.0387

Note:⁽¹⁾

In 1978, a State Constitutional Amendment (Proposition 13) provided that the tax rate be limited to 1% of market value, levied only by the county and shared with all other jurisdictions. All other jurisdictions and the county can levy a tax rate for voter-approved debt.

Secured taxes are due on November 1 and February 1, and become delinquent on December 10 and April 10, for the first and second installments, respectively. There is a 10% penalty and a \$10.00 cost after the date taxes become delinquent. Unsecured taxes are due on March 1 and become delinquent on August 31 when a penalty of 10% is added. If taxes are not paid by October 31, an additional penalty of 1.5% per month accrues.

The County of Los Angeles collects the taxes and distributes them to taxing jurisdictions on the basis of the taxing jurisdictions' assessed valuations and on the tax rate for voter-approved debt. Rates are applied to assessed valuations. Starting in fiscal year 1991, the County began deducting an administrative cost from the property tax collections before distribution to the cities.

Beginning with fiscal year 1975, redevelopment tax increments were allocated to the Long Beach Redevelopment Agency. These are computed based on the redevelopment property increment values multiplied by the total tax rate for that fiscal year. Redevelopment property increment values represent the difference between the base value of properties designated for redevelopment and their market value.

Sources:

(1) Taxpayers Guide compiled under the supervision of the Los Angeles County Auditor-Controller.

(A) "01-02 SEC Tax Rates and Ratios Report" provided by the Los Angeles County Auditor-Controller.

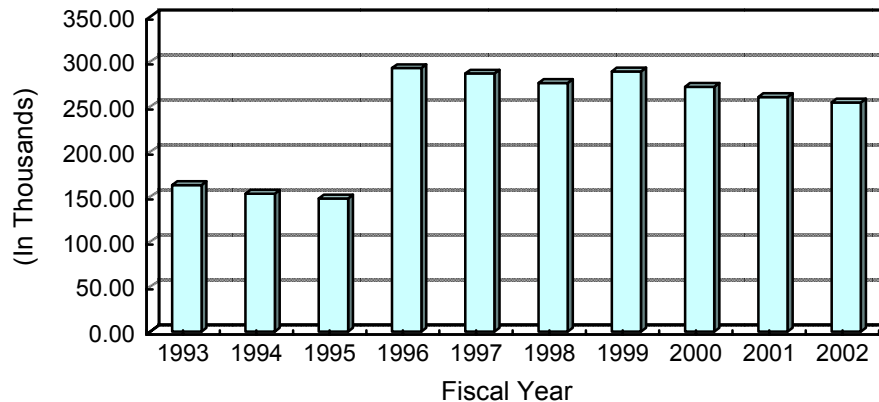
Ratio of Net General and Redevelopment Bonded Debt to Assessed Value
and Net Bonded Debt Per Capita -
Last Ten Fiscal Years
(In Thousands Except Estimated Population)

Fiscal Year-end (2)	Estimated Population (A)	Assessed Value (B)	Gross Bonded Debt (1)	Ratio of Gross Bonded Debt to Assessed Value	Less Debt Service Reserve (1)	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
1993	437,800	\$ 22,047,202	\$ 146,225	0.66 %	\$ 18,012	\$ 128,213	0.58 %	\$ 292.86
1994	436,776	22,473,724	142,975	0.64	17,700	125,275	0.56	286.82
1995	442,106	22,220,374	140,310	0.63	18,081	122,229	0.55	276.47
1996	425,807	21,877,590	137,535	0.63	14,451	123,084	0.56	289.06
1997	441,718	21,427,957	134,640	0.63	14,427	120,213	0.56	272.15
1998	446,227	21,403,042	134,925	0.63	18,635	116,290	0.54	260.61
1999	452,905	21,515,605	132,115	0.61	16,756	115,359	0.54	254.71
2000	457,608	21,832,600	129,160	0.59	17,925	111,235	0.51	243.08
2001	461,522	23,688,371	121,480	0.51	17,522	103,958	0.44	225.25
2002	473,131	24,989,993	174,060	0.70	22,016	152,044	0.61	321.36

Notes:

- (1) Includes Redevelopment bonds issued during fiscal years 1987, 1993 and 1998.
- (2) Effective July 1, 1995, the City changed its fiscal year-end to September 30 from a June 30 fiscal year-end. Consequently, the amounts for the 1996 fiscal period are for the fifteen months from July 1, 1995 through September 30, 1996.

Net Bonded Debt per Capita



Net Bonded Debt per Capita

Sources:

- (A) California Department of Finance for fiscal years 1993 through 2002. In 1996 the City of Long Beach Planning and Building Department calculated the city population based on redistricting to be 425,807. The estimated population per the California Department of Finance for fiscal year 1996 was 437,708.
- (B) "SV-13 G Report FY 01-02 Assessed Valuations" compiled under the supervision of the Los Angeles County Auditor-Controller.

City of Long Beach

Computation of Legal Debt Margin

September 30, 2002

(In Thousands)

Net Assessed Valuation		\$ 24,381,507
Plus Exempt Property		<u>608,486</u>
Total Assessed Valuation (1)		<u><u>\$ 24,989,993</u></u>
Debt Limit - 15 Percent of Total Assessed Valuation (1)		\$ 3,748,499
Amount of Debt Applicable to Debt Limit:		
Redevelopment Bonded Debt	\$ 174,060	
Less:		
Assets in Redevelopment Debt Service Fund, Available for Payment of Principal	<u>22,016</u>	
Total Amount of Debt Applicable to Debt Limit		<u>152,044</u>
Legal Debt Margin (1)		<u><u>\$ 3,596,455</u></u>

Note:

- (1) The fiscal year 2002 debt limit is based on assessed valuation of 100% of market value, and reflects valuation for the property in redevelopment project areas.

Source: City of Long Beach, Department of Financial Management.

"SV-13 G Report FY 01-02 Assessed Valuations" compiled under the supervision of the Los Angeles County Auditor-Controller.

City of Long Beach
Schedule of Direct and Overlapping Debt
September 30, 2002
(In Thousands)

<u>DIRECT DEBT:</u>		<u>Outstanding</u>	<u>Exclusions</u>	<u>Outstanding</u>
City of Long Beach				
Lease Revenue Bonds (2)		\$ 231,780	\$ (129,300)	\$ 102,480
Marks-Roos Bonds (3)		35,495	-	35,495
Certificates of Participation		5,035	-	5,035
Pension Obligations		110,825	-	110,825
Total Direct Debt		<u>383,135</u>	<u>(129,300)</u>	<u>253,835</u>
<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>		<u>% Applicable</u>		
Los Angeles County	3.930 %	36,505	(35,070)	1,435
Los Angeles Community College District	0.063	507,030	(506,711)	319
ABC Unified School District	1.422	56,565	(55,761)	804
Long Beach Unified School District	88.309	152,265	(17,801)	134,464
Los Angeles Unified School District	0.078	1,757,145	(1,755,774)	1,371
Paramount Unified School District	10.680	34,040	(30,405)	3,635
Los Angeles County Flood Control District	4.000	16,375	(15,720)	655
Metropolitan Water District	2.067	502,560	(492,172)	10,388
Total Overlapping Tax And Assessment Debt (1)		<u>3,062,485</u>	<u>(2,909,414)</u>	<u>153,071</u>
<u>OVERLAPPING GENERAL FUND OBLIGATION DEBT:</u>				
Los Angeles County General Fund Obligations	3.930 %	1,632,284	(1,568,135)	64,149
Los Angeles County Pension Obligations	3.930	1,751,987	(1,683,134)	68,853
Los Angeles County Superintendent of Schools Certificates of Participation	3.930	27,754	(26,663)	1,091
Cerritos Community College District Certificates of Participation	0.379	2,655	(2,645)	10
Compton Community College District Certificates of Participation	2.817	4,205	(4,087)	118
Long Beach Community College District Certificates of Participation	88.307	34,300	(4,011)	30,289
Los Angeles Community College District Certificates of Participation	0.063	86,280	(86,226)	54
Los Angeles Unified School District Certificates of Participation	0.078	576,985	(576,535)	450
Long Beach Unified School District Certificates of Participation	88.309	71,315	(8,337)	62,978
Compton Unified School District Certificates of Participation	0.036	20,200	(20,193)	7
Paramount Unified School District Certificates of Participation	10.680	30,935	(27,631)	3,304
County Sanitation District No. 1 Certificates of Participation	1.308	23,344	(23,039)	305
County Sanitation District No. 2 Certificates of Participation	0.198	36,125	(36,053)	72
County Sanitation District No. 3 Certificates of Participation	84.630	27,119	(4,168)	22,951
County Sanitation District No. 8 Certificates of Participation	2.459	17,318	(16,892)	426
County Sanitation District No. 19 Certificates of Participation	38.277	4,934	(3,046)	1,888
Los Angeles County Flood Control District Certificates of Participation	4.000	158,135	(151,810)	6,325
Total Gross Overlapping General Fund Obligation Debt		<u>4,505,875</u>	<u>(4,242,605)</u>	<u>263,270</u>
Total Gross Overlapping Combined Debt		7,568,360	(7,152,019)	416,341
Less: Los Angeles County Certificates of Participation (100% self-supporting from leasehold revenues on properties in Marina Del Rey)		<u>(83,230)</u>	<u>(79,959)</u>	<u>(3,271)</u>
Total Net Overlapping Combined Debt		<u>7,485,130</u>	<u>(7,072,060)</u>	<u>413,070</u>
Total Net Direct And Overlapping Combined Debt (1)		<u>\$ 7,868,265</u>	<u>\$ (7,201,360)</u>	<u>\$ 666,905</u>

Notes:

- (1) Excludes 1915 Act and Mello-Roos Act bonds.
- (2) The lease revenue bonds amount is net of the Civic Center Project 1997 Series A \$815,000 principal payment paid to the trustee on September 15, 2002 as required by the bond resolution for principal due to bondholders on October 1, 2002.
- (3) The Marks-Roos Bonds amount is net of the Temple and Willow Facility 1998 Series A & B Bonds \$680,000 principal payment paid to the trustee on September 15, 2002 as required by the bond resolution for principal due to bondholders on October 1, 2002.

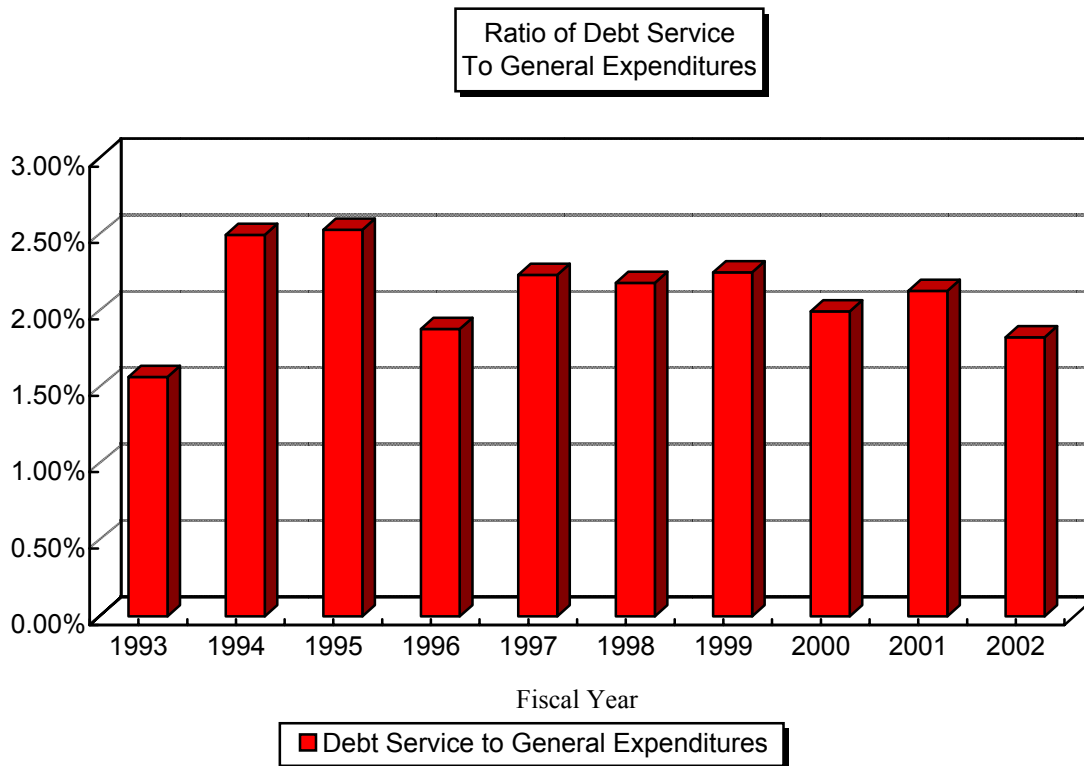
Source: California Municipal Statistics, Inc.

City of Long Beach
Ratio of Annual Debt Service for
General Bonded Debt to Total General Expenditures
Last Ten Fiscal Years
(In Thousands)

Fiscal Year-end (1) and (2)	Principal	Interest	Total Debt Service	Total General Expenditures (3)	Ratio of Debt Service to General Expenditures
1993	\$ 2,740	\$ 5,716	\$ 8,456	\$ 539,144	1.57%
1994	3,250	8,432	11,682	467,735	2.50%
1995	2,665	8,328	10,993	434,177	2.53%
1996	2,775	8,213	10,988	583,739	1.88%
1997	2,895	8,081	10,976	490,894	2.24%
1998	3,035	7,746	10,781	493,536	2.18%
1999	2,810	7,738	10,548	467,942	2.25%
2000	2,955	6,809	9,764	488,767	2.00%
2001	3,155	7,422	10,577	496,349	2.13%
2002	3,395	7,241	10,636	581,575	1.83%

Notes:

- (1) The figures include all governmental fund types (General, Special Revenue and Capital Projects Funds), including the Long Beach Housing Authority and the Long Beach Redevelopment Agency, in accordance with generally accepted accounting principles.
- (2) Effective July 1, 1995, the City changed its fiscal year-end to September 30 from a June 30 fiscal year-end. The amounts for the fiscal period are for the fifteen months from July 1, 1995 through September 30, 1996.
- (3) Expenditures are on the actual (GAAP) basis.



Source: City of Long Beach, Department of Financial Management.

City of Long Beach
Schedule of Revenue Bond Coverage for Proprietary Funds
Gas Fund Revenue Bond Coverage
Last Ten Fiscal Years
(In Thousands)

Fiscal Year-end (1) and (3)	Operating Revenue	Operating Expenses (1)	Net Operating Income	Non- Operating Income (1)	Net Revenue or Funds Available for Debt Service	Debt Service Requirements			Times Coverage
						Principal	Interest	Total	
1993	\$ 72,369	\$ 53,782	\$ 18,587	\$ 1,604	\$ 20,191	\$ 185	\$ 31	\$ 216	93.5
1994	74,824	53,580	21,244	1,676	22,920	415	333	748	30.6
1995	70,941	41,233	29,708	3,910	33,618	450	609	1,059	31.7
1996	80,526	45,736	34,790	2,208	36,998	465	596	1,061	34.9
1997	66,455	46,975	19,480	1,969	21,449	475	580	1,055	20.3
1998	69,511	49,492	20,019	2,251	22,270	495	563	1,058	21.0
1999	75,654	47,757	27,897	2,004	29,901	510	545	1,055	28.3
2000	70,874	56,478	14,396	1,511	15,907	530	524	1,054	15.1
2001	124,691	118,667	6,024	1,855	7,879	550	502	1,052	7.5
2002	62,301	51,289	11,012	1,004	12,016	575	478	1,053	11.4

Water Fund Revenue Bond Coverage
Last Ten Fiscal Years
(In Thousands)

1993	\$ 36,339	\$ 35,244	\$ 1,095	\$ 2,648	\$ 3,743	\$ 260	\$ 303	\$ 563	6.6
1994	45,600	39,951	5,649	2,401	8,050	285	283	568	14.2
1995	49,965	41,303	8,662	4,506	13,168	1,270	2,489	3,759	3.5
1996	70,784	56,027	14,757	4,022	18,779	985	2,669	3,654	5.1
1997	60,247	45,122	15,125	3,095	18,220	1,045	2,627	3,672	5.0
1998	56,395	42,932	13,463	3,130	16,593	1,125	2,539	3,664	4.5
1999	57,619	43,854	13,765	6,043	19,808	1,325	2,247	3,572	5.5
2000	60,252	46,508	13,744	1,066	14,810	1,385	2,194	3,579	4.1
2001	57,773	46,526	11,247	4,554	15,801	1,450	2,138	3,588	4.4
2002	58,969	48,324	10,645	1,616	12,261	1,505	2,080	3,585	3.4

Solid Waste Management Fund
SERRF Authority Revenue Bond Coverage
Last Ten Fiscal Years (2)
(In Thousands)

1993	\$ 56,361	\$ 44,369	\$ 11,992	\$ 3,488	\$ 15,480	\$ 4,100	\$ 13,423	\$ 17,523	0.9
1994	61,483	45,701	15,782	8,845	24,627	4,525	13,054	17,579	1.4
1995	67,162	45,937	21,225	2,947	24,172	4,950	12,641	17,591	1.4
1996	88,480	58,215	30,265	3,145	33,410	-	11,023	11,023	3.0
1997	73,745	49,418	24,327	4,882	29,209	-	9,623	9,623	3.0
1998	75,034	49,056	25,978	5,043	31,021	-	9,623	9,623	3.2
1999	66,486	49,643	16,843	2,886	19,729	3,000	9,623	12,623	1.6
2000	65,005	52,409	12,596	5,004	17,600	3,400	9,307	12,707	1.4
2001	71,188	59,387	11,801	6,219	18,020	3,700	9,069	12,769	1.4
2002	67,931	58,441	9,490	5,376	14,866	3,900	8,814	12,714	1.2

Notes:

- (1) Operating expenses exclude depreciation; non-operating income excludes interest expense.
- (2) The SERRF Authority issued revenue bonds on December 1, 1985, and August 1 and December 1, 1986. According to the December 1, 1986 bond resolution interest was funded from bond proceeds through August, 1989. These bonds were refunded by the SERRF Authority Lease Revenue Refunding Bond Series 1995. Current debt service payments for the previous issues were covered by the 1995 refunding issue proceeds.
- (3) Effective July 1, 1995 the City changed its fiscal year-end to September 30 from a June 30 fiscal year-end. Consequently, the amounts for the fiscal year ended 1996 are for a fifteen month period from July 1, 1995 through September 30, 1996.

Source: City of Long Beach, Department of Financial Management.

Schedule of Revenue Bond Coverage for Proprietary Funds

Civic Center Fund
Civic Center Revenue Bond Coverage
Last Ten Fiscal Years (2)
(In Thousands)

Fiscal Year-end (3)	Operating Revenue (2)	Operating Expenses (1) and (2)	Net Operating Income	Non- Operating Income (Loss) (1) and (2)	Net Revenue or Funds Available for Debt Service	Debt Service Requirements			Times Coverage
						Principal	Interest	Total	
1993	\$ 10,537	\$ 5,987	\$ 4,550	\$ 515	\$ 5,065	\$ 1,365	\$ 1,592	\$ 2,957	1.7
1994	10,357	5,942	4,415	414	4,829	1,460	1,501	2,961	1.6
1995	10,094	5,766	4,328	554	4,882	1,560	1,400	2,960	1.6
1996	12,782	7,103	5,679	948	6,627	2,865	1,937	4,802	1.4
1997	10,313	5,142	5,171	826	5,997	1,560	1,176	2,736	2.2
1998	10,272	5,807	4,465	6,510	10,975	720	1,808	2,528	4.3
1999	10,207	5,859	4,348	424	4,772	795	2,091	2,886	1.7
2000	10,178	6,549	3,629	2,047	5,676	875	2,087	2,962	1.9
2001	10,314	5,988	4,326	1,877	6,203	915	2,048	2,963	2.1
2002	11,805	7,509	4,296	1,203	5,499	950	2,008	2,958	1.9

Fleet Services Fund
Temple Willow Revenue Bond Coverage
Last Five Fiscal Years
(In Thousands)

1998	\$ 19,666	\$ 14,256	\$ 5,410	\$ (58)	\$ 5,352	\$ -	\$ 784	\$ 784	6.8
1999	21,644	13,818	7,826	1,642	9,468	605	1,882	2,487	3.8
2000	22,891	15,019	7,872	1,288	9,160	630	1,858	2,488	3.7
2001	24,560	15,181	9,379	2,168	11,547	655	1,832	2,487	4.6
2002	27,101	14,942	12,159	674	12,833	680	1,806	2,486	5.2

Notes:

- (1) Operating expenses exclude depreciation; non-operating income excludes interest expense.
- (2) The Civic Center Authority was dissolved in December 1997. The Civic Center Project 1997 Bonds were issued in December 1997 to refund the Civic Center Authority Bonds and to provide additional project funds for improvements. The 1998 Non-Operating Income consists of \$4.6 million in miscellaneous revenues as a result of the Civic Center Authority dissolution.
- (3) Effective July 1, 1995, the City changed its fiscal year-end to September 30 from a June 30 fiscal year-end. As a result the amounts for the 1996 fiscal period are for the fifteen months from July 1, 1995 through September 30, 1996. Also, since the Civic Center debt service is due on September 1, the principal amount reflects cash payments for September 1, 1995 and September 1, 1996. The interest amount reflects cash payments for September 1, 1995, and March 1 and September 1, 1996.

Source: City of Long Beach, Department of Financial Management.

City of Long Beach

Schedule of Revenue Bond Coverage for Nonexpendable Trust Funds

Tideland Operating Segment
Revenue Bond Coverage
Last Two Fiscal Years (2)
(In Thousands)

Fiscal Year-end (4)	Beginning Unreserved Fund Balance	Operating Revenue	Operating Expenses (1)	Net Operating Income (Loss)	Non - Operating Income (Loss) (1)	Net Amount Available for Debt Service	Debt Service Requirements			Times Coverage
							Principal	Interest	Total	
2001	N/A	\$ 19,240	\$ 20,746	\$ (1,506)	\$ 2,952	\$ 1,446	\$ 1,000	\$ 2,761	\$ 3,761	-
2002	N/A	27,783	37,623	(9,840)	5,724	(4,116)	-	6,558	6,558	-

Marina Segment
Marina Revenue Bond Coverage
Last Ten Fiscal Years (3)
(In Thousands)

1993	\$ 18,561	\$ 15,566	\$ 10,098	\$ 5,468	\$ 1,344	\$ 25,373	\$ 1,550	\$ 2,647	\$ 4,197	6.0
1994	19,415	13,941	10,602	3,339	640	23,394	1,655	2,528	4,183	5.6
1995	7,901	13,557	10,282	3,275	832	12,008	1,835	2,479	4,314	2.8
1996	5,493	16,321	13,731	2,590	943	9,026	60	2,238	2,298	3.9
1997	4,384	13,056	10,716	2,340	294	7,018	2,150	1,500	3,650	1.9
1998	3,049	13,975	11,171	2,804	(83)	5,770	2,240	1,411	3,651	1.6
1999	3,643	13,940	10,617	3,323	358	7,324	2,335	1,316	3,651	2.0
2000	7,439	14,055	11,017	3,038	1,830	12,307	2,435	1,214	3,649	3.4
2001	3,546	14,995	10,727	4,268	(79)	7,735	2,545	1,107	3,652	2.1
2002	10,105	15,564	10,812	4,752	974	15,831	2,660	991	3,651	4.3

Notes:

- (1) Operating expenses exclude depreciation; non-operating income excludes interest expense.
- (2) The Long Beach Aquarium of the Pacific Lease Revenue Refunding Bonds Series 2001 were issued to (1) refund the Long Beach Aquarium of the Pacific Revenue Bonds 1995 Series A and 1995 Series B, (2) to fund a reserve fund for the Series 2001 Bonds, and (3) to pay certain costs of issuance in connection with the Series 2001 Bonds. Fiscal year 2001 reflects final bond payment of \$1,000,000 for the Parking Authority Refunding bonds.
- (3) The Marina Refunding Revenue Bonds Series 1986 were refunded by the Marina Refunding Revenue Bonds Series 1995. Current debt service payments for the 1986 Bonds were covered by the 1995 refunding issue proceeds.
- (4) Effective July 1, 1995 the City changed its fiscal year-end to September 30 from a June 30 fiscal year-end. Consequently, the amounts for the fiscal year ended 1996 are for a fifteen month period from July 1, 1995 through September 30, 1996.

Source: City of Long Beach, Department of Financial Management.

City of Long Beach

Schedule of Revenue Bond Coverage for Nonexpendable Trust Funds

Rainbow Harbor Area Segment
Revenue Bond Coverage
Last Four Fiscal Years (3)
(In Thousands)

Fiscal Year-end (2)	Operating Revenue	Operating Expenses (1)	Net Operating Income (Loss)	Non- Operating Income (1) (Loss)	Net Revenue Available for Debt Service	Debt Service Requirements			Times Coverage
						Principal	Interest	Total	
1999	\$ 3,779	\$ 3,589	\$ 190	\$ 501	\$ 691	\$ -	\$ -	\$ -	-
2000	2,036	3,572	(1,536)	429	(1,107)	-	-	-	-
2001	2,170	3,808	(1,638)	372	(1,266)	-	2,440	2,440	-
2002	2,486	3,799	(1,313)	384	(929)	65	2,440	2,505	-

Harbor Fund
Revenue Bond Coverage
Last Ten Fiscal Years
(In Thousands)

1993	\$ 114,927	\$ 35,673	\$ 79,254	\$ 18,803	\$ 98,057	\$ 9,080	\$ 22,159	\$ 31,239	3.1
1994	134,593	36,518	98,075	18,487	116,562	9,760	26,610	36,370	3.2
1995	151,512	34,786	116,726	(7,466)	109,260	10,375	29,086	39,461	2.8
1996	218,650	52,479	166,171	4,698	170,869	15,175	39,128	54,303	3.1
1997	177,230	36,874	140,356	15,189	155,545	16,620	47,384	64,004	2.4
1998	188,587	38,238	150,349	16,635	166,984	18,690	42,371	61,061	2.7
1999	198,483	39,952	158,531	5,220	163,751	22,680	44,637	67,317	2.4
2000	225,504	45,286	180,218	3,436	183,654	26,715	39,806	66,521	2.8
2001	228,079	50,573	177,506	14,080	191,586	28,290	46,165	74,455	2.6
2002	223,999	40,085	183,914	6,386	190,300	17,960	51,239	69,199	2.8

Notes:

- (1) Operating expenses exclude depreciation and amortization; non-operating income excludes amortization and interest expense.
- (2) Effective July 1, 1995, the City changed its fiscal year-end to September 30 from a June 30 fiscal year-end. Consequently, the amounts for the 1996 fiscal period are for the fifteen months from July 1, 1995 through September 30, 1996.
- (3) The Rainbow Harbor Area Segment of the Tidelands Fund fund balance is considered adequate to cover the debt service. Operating transfers are made to provide funding to the Rainbow Harbor Area from other Tidelands funds on an as needed basis.

Source: City of Long Beach, Department of Financial Management.

City of Long Beach
Demographic Statistics
Last Ten Fiscal Years

<u>Fiscal Year-end</u>	<u>Estimated Population (A)</u>	<u>Median Age (B)</u>	<u>Personal Income per Capita (C)</u>	<u>Public School Enrollment (D)</u>	<u>Unemployment Rate (E)</u>
1993	437,800	N/A	\$ 17,615	81,491	9.0 %
1994	436,776	30.4	18,109	83,490	9.3
1995	442,106	30.0	18,603	84,721	8.0
1996	425,807	29.8	N/A	88,530	8.2
1997	441,718	29.0	N/A	91,932	6.6
1998	446,227	28.9	N/A	89,408	6.2
1999	452,905	29.0	N/A	91,465	5.6
2000	457,608	29.0	N/A	94,527	5.5
2001	461,522	30.8	N/A	95,193	5.7
2002	473,131	31.0	N/A	97,369	6.3

Sources:

- (A) California Department of Finance. In 1996 the City of Long Beach Planning and Building Department calculated the city population based on the redistricting to be 425,807. The estimated population per the California Department of Finance for fiscal year 1996 was 437,708.
- (B) The data for fiscal year 1993 is not available. The Los Angeles County Health Department population projections are used for fiscal years 1994 and 1995. The City of Long Beach, Department of Planning and Building Advance Planning Division's estimate is used for fiscal years 1996 through 2002.
- (C) The data for fiscal years 1996 through 2002 is not available. The City of Long Beach, Department of Planning and Building and "1990 Census" from U.S. Bureau of Census for persons age 15 years and over for fiscal years 1993 through 1995.
- (D) Annual school census from Long Beach Unified School District for preschool, grades Kindergarten through 12.
- (E) Average annual rate for Los Angeles County reported by California Employment Development Department (EDD). The labor force data used by EDD for fiscal year 1994 reflects changes in the population base used in the Current Population Survey conducted by the Bureau of Labor Statistics and Census Bureau. Therefore, the rates for fiscal years 1994 through 2002 are not comparable to previous fiscal years.

Construction Value and Bank Deposits -
Last Ten Fiscal Years

Fiscal Year-end (2)	Construction (A)								Bank Deposits (000's) (B)
	Industrial		Commercial & Office		Residential		All Others		
	Number of Permits	Valuation (000's)	Number of Permits	Valuation (000's)	Number of Permits	Valuation (000's)	Number of Permits	Valuation (000's) (1)	
1993	5	\$ 5,971	43	\$ 22,427	64	\$ 8,625	6,279	\$ 111,385	\$ 5,252,000
1994	6	10,906	16	1,808	23	2,927	5,812	79,818	5,067,000
1995	10	4,247	34	6,479	57	19,303	5,484	91,640	4,672,000
1996	10	2,233	42	24,610	87	13,340	7,291	191,743	4,658,000
1997	8	1,942	21	20,614	61	13,071	5,748	112,171	3,983,000
1998	5	9,471	53	66,847	110	19,344	6,022	130,303	4,142,000
1999	2	6,627	39	48,232	61	20,697	6,470	123,666	4,084,000
2000	6	16,528	33	17,425	133	25,145	6,465	133,232	4,193,201
2001	16	12,486	37	57,391	119	113,972	6,744	166,041	4,352,495
2002	6	9,500	42	78,737	105	78,512	7,350	184,706	4,741,291

Notes:

- (1) The all others valuation for fiscal year fiscal year 1996 includes permits for the Los Altos and Marina Pacifica shopping center improvements, Long Beach Aquarium of the Pacific and Boeing SeaLaunch projects, fiscal year 2001 includes permits for the Camden development and pier improvements at the Port of Long Beach, and fiscal year 2002 includes permits for numerous alterations and additions to residential units, tenant improvements for the Carnival Cruise Terminal and Boeing Building 52, and the addition of shark tanks, life support equipment, restrooms and retail area at the Aquarium of the Pacific.
- (2) Effective July 1, 1995, the City changed its fiscal year-end to September 30 from a June 30 fiscal year-end. Consequently, the amounts for the 1996 fiscal period are for the fifteen months from July 1, 1995 through September 30, 1996.

Sources:

- (A) City of Long Beach, Department of Planning and Building.
- (B) Fiscal years 1993 through 1995 is from the State Superintendent of Banks. The data for the fiscal years 1996 through 2002 is from the FDIC as of June 30.

City of Long Beach
Principal Taxpayers
September 30, 2002
(In Thousands)

<u>Taxpayer</u>	<u>Type of Business</u>	<u>2001-2002 Assessed Valuation</u>	<u>Percent of Total Net Assessed Valuation</u>
Boeing	Industrial	\$ 572,367	2.54 %
AES Alamos LLC	Power Plant	470,002	2.08
Arco Terminal Services Corp	Industrial	103,515	0.46
Stevens Creek Associates	Office Building	80,185	0.36
Hughes Aircraft Co.	Industrial	68,492	0.30
Pacific Towers Associates	Office Building	58,522	0.26
University Town Center Associates	Office Building	58,377	0.26
Alamos Bay Partnership	Hotel	51,747	0.23
Long Beach Renaissance Hotel LP	Hotel	47,245	0.21
Atlantic Richfield Company	Industrial	<u>46,024</u>	<u>0.20</u>
Total		<u><u>\$ 1,556,476</u></u>	<u><u>6.90 %</u></u>

Note:

Beginning with fiscal year 1989, the State Board of Equalization has deleted the public utility "unitary" values from the total public utility assessed value. The valuations exclude mineral rights, possessory interest and unsecured assessed valuations.

Source: California Municipal Statistics, Inc.

City of Long Beach

Miscellaneous Utility Statistics

Gas Utility
Last Ten Fiscal Years
(In Thousands)

Fiscal Year-end (1)	Consumption in Sales Dollars				Consumption in Cubic Feet				Average Rate per MCF (3)	Average No. of Customers
	Residential	Commercial Industrial	Others (2)	Total	Residential	Commercial Industrial	Others (2)	Total		
1993	\$ 37,280	\$ 22,363	\$ 12,286	\$ 71,929	6,138,204	5,692,137	17,905,625	29,735,966	\$ 2.42	140
1994	38,687	23,731	7,765	70,183	6,055,870	6,099,135	18,017,439	30,172,444	2.33	139
1995	42,522	22,468	831	65,821	6,183,632	6,082,775	1,783,410	14,049,817	4.68	138
1996	48,249	24,720	30	72,999	6,403,666	7,040,942	8,323	13,452,931	5.43	138
1997	43,097	18,144	65	61,306	5,783,834	5,571,864	30,913	11,386,611	5.38	138
1998	46,133	18,706	30	64,869	6,270,643	6,362,973	22,828	12,656,444	5.13	139
1999	52,352	18,462	34	70,848	6,844,493	6,481,684	23,780	13,349,957	5.31	140
2000	47,083	18,122	14	65,219	6,016,099	6,174,824	15,237	12,206,160	5.31	140
2001	87,404	32,083	25	119,512	6,036,334	5,414,312	16,657	11,467,303	10.42	140
2002	42,400	13,886	81	56,367	6,049,213	4,848,943	39,049	10,937,205	5.15	144

Notes:

- (1) Effective July 1, 1995, the City changed its fiscal year-end to September 30 from a June 30 fiscal year-end. Consequently, the amounts for the 1996 fiscal period are for the fifteen months from July 1, 1995 through September 30, 1996.
- (2) Since August 1994, Southern California Edison is no longer a utility electric generation customer.
- (3) MCF = thousand cubic feet

Ten Largest Gas Users
For the Fiscal Year Ended September 30, 2002
(In Thousands)

	Consumption	
	In Dollar Sales	In Cubic Feet
Montenay Pacific Power Corporation	\$714	189,114
California State University, Long Beach	124	153,594
Memorial Hospital	364	92,269
Edington Oil	262	978,060
National Gypsum	207	696,237
American Textile	166	40,710
Boeing	118	111,748
International Garment	169	38,974
Long Beach Convention Center	145	34,885
Cintas	118	27,569
Total	<u>\$2,387</u>	<u>2,363,160</u>

Other Gas Utility Miscellaneous Statistics:

Number of gas meters	151,353	
Average daily consumption	29,965	MCF
Gas mains	921.3	miles

Source: City of Long Beach, Long Beach Energy Department.

City of Long Beach
Miscellaneous Utility Statistics

Water Utility
Last Ten Fiscal Years
(In Thousand Gallons)

Fiscal Year-end (1)	Consumption		Source of Supply			
	Daily Average Demand	Annual Demand	Total Pumped	Total Purchased	Total Reclaimed	Total Available Supply
1993	59,281	21,640,738	6,957,571	14,679,913	999,385	22,636,869
1994	61,245	22,357,718	3,598,698	18,755,658	968,429	23,322,785
1995	59,977	21,894,940	5,788,743	16,102,905	974,946	22,866,594
1996	64,281	29,252,458	7,733,422	21,514,638	1,993,882	31,241,942
1997	63,374	23,134,900	7,479,258	15,652,253	1,647,829	24,779,340
1998	59,561	21,743,070	7,700,837	14,038,964	1,370,203	23,110,004
1999	60,615	22,127,958	7,703,443	14,421,188	1,494,353	23,618,984
2000	63,619	23,220,794	8,076,869	15,143,925	1,691,167	24,911,961
2001	61,226	22,347,490	7,971,945	14,375,569	1,363,361	23,710,875
2002	62,259	22,724,523	8,478,643	14,245,880	1,789,900	24,514,423

Note:

- (1) Effective July 1, 1995, the City changed its fiscal year-end to September 30 from a June 30 fiscal year end. The amounts for the 1996 fiscal period are for the fifteen months from July 1, 1995 through September 30, 1996.

Ten Largest Water Users
For the Fiscal Year Ended September 30, 2002
(In Thousands)

	Consumption	
	In Dollar Sales	In Gallons
City of Long Beach	\$ 2,971	689,843
Long Beach Unified School District	670	258,907
Montenay Pacific Power Corporation	511	245,574
AES Southland LLC	393	187,503
California State University, Long Beach	314	141,082
U.S. Veterans Administration Hospital	240	112,473
L.A. County Community Development	235	94,385
International Garment Finish	216	104,688
State of California Dept. of Transportation	197	83,088
Memorial Medical Center	184	83,434
Total	<u>\$ 5,931</u>	<u>2,000,977</u>

Other Water Utility Miscellaneous Statistics:

Number of water services	88,928
Number of fire hydrants	6,964
Water mains	911 miles

Source: City of Long Beach, Water Department.

City of Long Beach

Miscellaneous Statistics
Public Works Department
Airport
Last Ten Fiscal Years

Fiscal Year-end (1)	Commercial Passengers		Air Cargo (Pounds) (000's)		Number of Aircraft Landings & Take Offs				Fuel Flowage (Gallons) (000's)
	Enplaned	Deplaned	Enplaned	Deplaned	Air Carrier	Air Taxi	General Aviation	Military	
1993	352,066	346,494	37,869	20,073	13,422	3,145	402,091	2,116	13,524
1994	281,374	278,542	39,090	18,711	11,596	787	447,459	1,679	11,576
1995	211,206	208,685	34,382	19,177	7,588	1,438	475,823	3,075	10,950
1996	291,559	288,770	49,524	24,241	9,908	6,053	597,873	2,268	14,794
1997	274,029	268,283	44,551	21,485	9,035	4,678	433,958	1,596	14,555
1998	303,979	308,303	50,457	26,858	9,727	6,278	433,826	1,279	16,366
1999	461,411	451,064	55,486	34,066	15,518	6,535	480,538	2,033	20,163
2000 (2)	318,580	340,875	62,539	37,405	12,623	5,416	392,130	1,385	19,768
2001	280,528	277,590	67,705	46,571	9,913	6,400	344,937	764	17,104
2002 (3)	515,634	503,360	64,858	47,477	11,973	8,906	328,952	83	24,701

Notes:

- (1) Effective July 1, 1995, the City changed its fiscal year-end to September 30 from a June 30 fiscal year-end. The amounts for the 1996 fiscal period are for the fifteen months from July 1, 1995 through September 30, 1996.
- (2) Commercial passenger count decreased due to cessation of service by Winair Airlines. General Aviation take offs and landings reflect modification of FAA Air Traffic Control Tower counting methodology which no longer includes aircraft transiting Long Beach Airport airspace.
- (3) In fiscal year 2002 the total number of daily flights for Jet Blue, American, and Horizon airlines increased from eleven to thirty five.

Source: City of Long Beach, Public Works Department, Airport Bureau.

City of Long Beach
Miscellaneous Statistics
Public Works Department
Last Ten Fiscal Years

Fiscal Year-end (2)	<u>Public Service Bureau</u>		<u>Environmental Services Bureau</u>				<u>Energy Recovery Bureau</u>	
	<u>Trees Trimmed</u>		<u>Refuse Collected</u>		<u>Curbs & Alleys Swept</u>		Tons of Refuse Received	Power Produced In Megawatt- Hours (1)
	Number of Trees	Cost Per Tree Trimmed	Tons Collected	Work Hours Per Ton Collected	Miles	Work Hours Per Mile Swept		
1993	22,829	100	215,503	1.34	153,070	0.27	459,866	242,270
1994	21,508	107	200,832	1.34	167,616	0.25	463,267	245,559
1995	20,106	90	198,054	1.31	169,177	0.25	465,391	260,250
1996	21,500	126	251,907	1.18	207,406	0.20	589,042	322,756
1997	18,274	115	203,803	1.14	173,518	0.23	489,581	264,040
1998	23,169	98	209,262	1.14	190,018	0.22	464,324	258,735
1999	22,891	97	204,902	N/A	198,041	N/A	494,275	259,552
2000	23,427	106	211,051	N/A	189,953	N/A	480,515	267,580
2001	21,499	111	218,570	N/A	196,295	N/A	494,464	264,143
2002	21,807	120	224,776	N/A	195,778	N/A	504,626	272,239

Notes:

(1) Megawatt-hours sold to Southern California Edison included in the total power produced is as follows:

<u>Fiscal Year (2)</u>	<u>Megawatt-Hours</u>
1993	202,176
1994	203,652
1995	228,163
1996	280,832
1997	230,681
1998	225,985
1999	226,699
2000	233,714
2001	230,712
2002	236,730

(2) Effective July 1, 1995 the City changed its fiscal year-end to September 30 from a June 30 fiscal year-end. Consequently, the amounts for the 1996 fiscal period are for the fifteen months from July 1, 1995 through September 30, 1996.

(3) N/A - Some data is not available for these fiscal years.

Source: City of Long Beach, Public Works and Long Beach Energy Departments

City of Long Beach
Miscellaneous Statistics
Harbor Department
Last Ten Fiscal Years

<u>Fiscal Year-end (1)</u>	<u>Container Movements (2)</u>	<u>Cargo (3)</u>	<u>Number of Ship Calls</u>
1993	1,857,800	72,441	5,036
1994	2,335,292	83,344	5,272
1995	2,739,516	89,783	5,063
1996	3,769,935	121,546	5,834
1997	3,386,118	103,940	4,726
1998	3,972,378	107,959	4,673
1999	4,301,770	117,449	5,028
2000	4,564,529	126,785	5,428
2001	4,491,690	124,078	5,501
2002	4,694,432	125,620	5,036

Notes:

(1) Effective July 1, 1995 the City changed its fiscal year-end to September 30 from a June 30 fiscal year-end. Consequently, the amounts for the 1996 fiscal period are for the fifteen months from July 1, 1995 through September 30, 1996.

(2) Twenty-foot equivalent units (TEU).

(3) Thousands of metric revenue tons.

Source: City of Long Beach, Harbor Department.

City of Long Beach
Summary of Major Employers
September 30, 2002

Employer	Number of Employees
Long Beach Unified School District	15,000
Boeing	14,000
City of Long Beach	6,740
Long Beach Memorial Medical Center	4,102
California State University, Long Beach	2,755
Veterans Affairs Medical Center	1,985
Long Beach City College	1,800
St. Mary Medical Center	1,650
Direct TV, Inc	1,126
Gulfstream Aerospace Corp	1,020
U.S. Postal Service	910
RMS Foundation, DBA Queen Mary Seaport	850
The Bragg Companies	800
CSU Long Beach Foundation	680
Long Beach Transit	673
Verizon	653
Pacific Hospital of Long Beach	551
TABC, Inc	550
SCAN Health Plan	550
Target Stores	540
Forty Niner Shops	500
California State University Chancellor Office	495

Source: City of Long Beach, Department of Community Development, Long Beach Major Employer Directory-current listing. City of Long Beach Employees as of September 30, 2002 for permanent and part-time employees.

City of Long Beach
Other Miscellaneous Statistics
September 30, 2002

Date of incorporation	December 13, 1897	
Form of government	Mayor/Council-Manager	
Area	50 square miles	
Streets	815 miles	
Number of street lights	27,281	
Storm drain lines	180 miles	
	Fiscal Year	Fiscal Year
	2002	2001
Fire Protection (budgeted):		
Number of firefighters and officers	527	451
Other non-safety personnel	36	49
Total Fire Personnel	<u>563</u>	<u>500</u>
Number of stations	24	24
Police Protection (budgeted):		
Number of police officers and other sworn personnel	913	908
Civilian personnel	547	529
Total Police Personnel	<u>1,460</u>	<u>1,437</u>
Number of stations	1	1
Number of substations (full facility)	3	2
Number of storefronts	4	5
Education (Elementary and Secondary):	2002	2001
Attendance Centers	95	88
Number of classrooms	4,258	4,207
Number of teachers	5,080	4,783
Number of students	97,369	95,193
Sewers:		
Sanitary sewers		705 miles
Manholes		15,595
Sanitary sewer pump stations		28
Storm drains pump stations		23
Recreation and culture:		
Number of parks (acres includes golf courses)		92 with 2,613 acres
Number of libraries		12
Number of library holdings (books, videos, tapes)		967,500
Number of library circulations		1,797,505
Employees:		
Permanent, classified service		3,973
Permanent, unclassified service		807
Part-time, temporary and seasonal		<u>1,960</u>
Total Employees		<u>6,740</u>

City of Long Beach
Infrastructure Maintenance and Improvements
September 30, 2002

Public Works Department						
Fiscal Year-end (1)	City Streets Resurfaced and Striped (In Miles)	Red Curbs Repainted (In Linear Feet)	Traffic Signs Replaced	Burned-Out Street Lights Replaced	Sidewalk Repaired (In Square Feet)	Graffiti Removed (Number of Sites)
1993 (2)	103	504,118	6,034	5,070	73,379	36,097
1994	89	468,680	4,784	4,764	52,605	42,709
1995	78	390,500	5,100	5,928	54,516	24,474
1996	80	780,000	5,460	7,220	67,650	34,222
1997	90	399,945	3,697	6,001	56,835	23,242
1998	69	150,025	3,514	3,997	52,862	21,806
1999	73	117,000	3,610	2,038	53,000	19,207
2000	67	171,061	5,549	2,395	546,000	29,431
2001	11	147,840	3,743	2,482	480,558	39,998
2002	81	128,000	4,949	4,379	540,615	59,708

Water Department							
Fiscal Year-end (1)	Cast Iron Water Mains Replaced (In Feet)	Fire Hydrants Repaired	Water Meters Repaired	Sewer Mains & Laterals Repaired (4)	Sewer Mains Cleaned (In Miles)	Sewer Manholes Chemically Treated	Storm Drain Catch Basins Cleaned (3)
1994	28,510	1,549	12,075	10,305	366	5,455	3,390
1995	24,233	1,018	12,908	16,873	349	3,711	4,460
1996	58,946	1,111	17,351	26,283	588	11,909	5,900
1997	68,148	1,165	14,238	7,186	453	10,142	4,950
1998	70,583	185	12,200	1,600	405	7,959	4,990
1999	75,244	475	18,674	2,232	318	7,184	6,436
2000	75,005	183	17,561	4,524	257	4,843	5,070
2001	61,765	358	10,713	384	291	3,501	6,865
2002	85,297	732	2,960	147	396	5,000	6,269

Long Beach Energy Department			
Fiscal Year-end (1)	Gas Mains Replaced/Relocated (In Feet)	Gas Mains Installed (In Feet)	Gas Meters Installed/Removed/Replaced
1995	7,445	6,411	4,800
1996	9,728	4,754	7,749
1997	10,588	8,097	5,786
1998	8,230	6,698	7,537
1999	42,525	32,397	6,707
2000	10,932	4,892	6,707
2001	19,612	4,347	4,162
2002	28,324	10,102	5,697

Notes:

- (1) Effective July 1, 1995, the City changed its fiscal year-end to September 30, from a June 30 fiscal year end. Consequently, the amounts for the 1996 fiscal period are for the fifteen months from July 1, 1995 through September 30, 1996.
- (2) N/A - Some data is not available for these fiscal years.
- (3) Effective October 1, 1998, the Water Department maintains the storm drain operations.
- (4) For fiscal years 1993 through 2000, the Water Department tracked repairs by the number of feet. Beginning in fiscal year 2001, repairs are tracked according to the number of jobs.

Source: City of Long Beach

**City of Long Beach
Schedule of Insurance in Force**

LIABILITY

<u>Program</u>	<u>Expiration</u>	<u>Company/Policy Number</u>	<u>Kind of Insurance</u>	<u>Amount/limits by carrier</u>	<u>Limit by program</u>
Excess Municipal Liability	07-01-03	Great Lakes U.K. /LJCAMEO0701-13	Third party liability; public officials errors and omissions; unfair employment practices	\$7,000,000 excess of \$3,000,000 self-insured retention	\$17 million over a \$3 million self-insured retention
	07-01-03	Evanston Insurance Company /XO-NJ-1649-02	Third party liability; public officials errors and omissions, unfair employment practices	\$10,000,000 excess of \$10,000,000	
Airport Liability	06-30-03	ACE Property & Casualty Insurance Company /AAPN00034642	General liability, products liability, hangarkeepers legal liability	\$100,000,000 per occurrence (no deductible) subject to \$50,000,000 sublimits each for personal injury, malpractice, excess auto, terrorism, and excess EMP	
Aircraft Liability	06-30-03	ACE Property & Casualty Insurance Company /ACL649345	Aircraft liability and hull coverage for two MD500E police helicopters.	\$50,000,000 per occurrence (no deductible) for third party liability; \$823,473 physical damage coverage for each of two MD500s subject to hull ded. of \$1,000 for rotors not in motion and \$41,174 for rotors in motion	

1 Liability coverage for the SERRF Authority is purchased by the operator, Montenay Pacific Power Corporation.

MISCELLANEOUS COVERAGES

<u>Program</u>	<u>Expiration</u>	<u>Company</u>	<u>Kind of Insurance</u>	<u>Amount/Limit by carrier</u>
Bonds	07-01-04	Great American Insurance Company /GVT124377402	Employee dishonesty with faithful performance. Covers all officials and employees. Computer and electronic fraud coverage is included.	\$5,000,000 (\$25,000 deductible)
	Various	Hartford Insurance Company	Vehicle Verifier Bonds covering various employees	\$5,000 per bond
Excess Workers Compensation	06-30-03	CSAC Excess Insurance Authority (reinsured by American Re-Insurance Co.) /CPEIA 02 EWC-10	Excess workers' compensation and employer's liability over a \$5,000,000 self-insured retention	\$45,000,000 work comp; \$5,000,000 employers' liability and Jones Act coverage \$10,000,000 terrorist acts
Travel Accident	10-15-04	AIG Life Insurance Company /GTP8038087	Accidental death and dismemberment coverage for officials and employees injured on business travel and for guests in City helicopters	\$500,000 per person, \$5,000,000 aggregate
Special Events	01-01-03	General Star Indemnity/ IYG325268C	Liability coverage available for persons or entities seeking a special event permit from the City. The City of Long Beach is an additional insured on these policies.	\$1,000,000
<u>Primary layer</u>				
<u>Excess layer</u>	0-01-03	Genesis Indemnity/ ZXB300176F	Liability coverage available for persons or entities seeking a special event permit from the City. The City of Long Beach is an additional insured on these policies.	\$1,500,000

**City of Long Beach
Schedule of Insurance in Force**

OTHER LIABILITY INSURANCE POLICIES

Entities purchasing under the direction of Risk Management that are directly related to the City of Long Beach are listed below.

<u>Program</u>	<u>Expiration</u>	<u>Company</u>	<u>Kind of Insurance</u>	<u>Amount/Limit by carrier</u>
Redevelopment Agency	07-01-03	Evanston Insurance Company /TBD	General liability, errors and omissions liability, non-owned auto liability, employment practices liability	\$5,000,000 (\$0 deductible); \$2,000,000 sublimit for employment practices (\$10,000 deductible)
Housing Authority of the City of Long Beach	07-01-03	Evanston Insurance Company /TBD	General liability, errors and omissions liability, non-owned auto liability, employment practices liability	\$5,000,000 (\$1,000 deductible); \$2,000,000 sublimit for employment practices (\$10,000 deductible)
Greater Long Beach Workforce Development Board	07-01-03	Evanston Insurance Company /TBD	General liability, directors and officers liability, non-owned auto liability, employment practices liability	\$5,000,000 (\$0 deductible); \$2,000,000 sublimit for employment practices (\$10,000 deductible)
Long Beach K-9 Officers' Assn	07-01-03	Evanston Insurance Company /TBD	Liability protection (dogs off-duty)	\$1,000,000 per occurrence (\$500 deductible)
Long Beach Housing Development Company	07-01-03	Evanston Insurance Company /TBD	General liability, directors and officers liability, non-owned auto liability	\$5,000,000 (\$1,000 deductible); \$2,000,000 sublimit for employment practices (\$10,000 deductible)

The other Long Beach-based entities assisted by Risk Management include the Community Hospital of Long Beach, Rancho Los Cerritos Foundation, Partners of Parks, Long Beach Museum of Art Foundation, Long Beach Public Library Foundation, Friends of the Long Beach Public Library Foundation, Long Beach Aquarium of the Pacific, RMS Foundation (Queen Mary), and the Spring Street Corridor JPA.

PROPERTY

<u>Program</u>	<u>Expiration</u>	<u>Company</u>	<u>Kind of Insurance</u>	<u>Amount by carrier</u>	<u>Limit by program</u>
General Property Primary Layer A	05-15-03	Westchester Surplus Insurance c/o ACE/ WPL661362	All Risk Property	\$5,000,000	\$500 million of All Risk property coverage for the full replacement value of City-owned property, including the Queen Mary properties
Excess Layer B	05-15-03	Great Lakes Insurance Company/ LU0231277/1-7	All Risk Property	\$14,250,000	
Excess Layer B	05-15-03	Excess Insurance Company c/o Markel/ EPEP 10005	All Risk Property	\$4,750,000	
Excess Layer B	05-15-03	Commonwealth Insurance Company/ US 3754	All Risk Property	\$4,750,000	
Excess Layer C	05-15-03	Wellington Underwriting Syndicate 2020/ LU 0231235/1-7	All Risk Property	\$4,455,000	
Excess Layer C	05-15-03	Hiscox/ TBD	All Risk Property	\$3,442,500	
Excess Layer C	05-15-03	Hannover Re/ LU 0231307/1-7	All Risk Property	\$1,125,000	
Excess Layer C	05-15-03	F R White and Others Syndicate 190/ TBD	All Risk Property	\$1,012,500	
Excess Layer C	05-15-03	MAP Underwriting Syndicate 2791/ TBD	All Risk Property	\$900,000	
Excess Layer C	05-15-03	Axis/ TBD	All Risk Property	\$1,125,000	
Excess Layer C	05-15-03	Westchester Surplus Insurance c/o ACE/ WXL 665587	All Risk Property	\$5,985,000	
Excess Layer C	05-15-03	Great American Assurance Company/ CPP 5905366	All Risk Property	\$4,500,000	

**City of Long Beach
Schedule of Insurance in Force**

PROPERTY (continued)

<u>Program</u>	<u>Expiration</u>	<u>Company</u>	<u>Kind of Insurance</u>	<u>Amount by carrier</u>	<u>Limit by program</u>
Excess Layer C	05-15-03	Lexington Insurance Company/ TBD	All Risk Property	\$9,990,000	
Excess Layer C	05-15-03	Kiln Syndicate/ LU 0231238/1-7	All Risk Property	Excess Layer C	
Excess Layer D	05-15-03	Faraday/ LU 02311236/1-7	All Risk Property	\$10,000,000	
Excess Layer D	05-15-03	Munich American Risk Partners/ LU 0231278/1-7	All Risk Property	\$5,000,000	
Excess Layer D	05-15-03	Hiscox/ TBD	All Risk Property	\$2,500,000	
Excess Layer D	05-15-03	Kiln Syndicate	All Risk Property	\$750,000	
Excess Layer D	05-15-03	R A Stuchbery-Syndicate 1096	All Risk Property	\$4,250,000	
Excess Layer D	05-15-03	HAR-2000	All Risk Property	\$500,000	
Excess Layer D	05-15-03	RTH 1414	All Risk Property	\$2,500,000	
Excess Layer D	05-15-03	Montpelier Re/ LU 0231287/1-7	All Risk Property	\$4,500,000	
Excess Layer D	05-15-03	Westchester Surplus Insurance c/o ACE/ WXL 665587	All Risk Property	\$4,000,000	
Excess Layer E	05-15-03	Wellington/ LU 0231237/1-7	All Risk Property	\$22,500,000	
Excess Layer E	05-15-03	F.R. White	All Risk Property	\$13,200,000	
Excess Layer E	05-15-03	Faraday	All Risk Property	\$13,200,000	
Excess Layer E	05-15-03	MAP	All Risk Property	\$3,960,000	
Excess Layer E	05-15-03	Munich American Risk Partners/ LU 0231279/1-7	All Risk Property	\$15,000,000	
Excess Layer E	05-15-03	Kiln	All Risk Property	\$2,640,000	
Excess Layer E	05-15-03	Montpelier Re/ LU 0231288/1-7	All Risk Property	\$15,000,000	
Excess Layer E	05-15-03	Hanover Re/ LU 0231308/1-7	All Risk Property	\$9,000,000	
Excess Layer E	05-15-03	Axis	All Risk Property	\$7,500,000	
Excess Layer E	05-15-03	Royal Surplus Lines Insurance Company/ K2HD406186	All Risk Property	\$37,500,000	
Excess Layer F	05-15-03	Ace Global Markets	All Risk Property	\$14,000,000	
First Excess Layer	05-15-03	Royal Surplus Lines Company/ K2HD406188	All Risk Property	\$250,000,000	

BOILER AND MACHINERY

<u>Program</u>	<u>Expiration</u>	<u>Company</u>	<u>Kind of Insurance</u>	<u>Amount/Limit by carrier</u>
	05-15-03	CAN Insurance/ BIND720987	Property damage and business interruption coverage for SERRF	\$100,000,000 (various deductibles ranging from \$2,500 to \$375,000 based on size and power)